

**FAIRVIEW BOARD OF EDUCATION
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

FAIRVIEW BOARD OF EDUCATION

FAIRVIEW BOARD OF EDUCATION
Fairview, New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2013

Comprehensive Annual Financial Report

of the

**FAIRVIEW BOARD OF EDUCATION
Fairview, New Jersey**

Year Ended June 30, 2013

Prepared by

**Patrick Caufield
Board Secretary/Business Administrator**

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INTRODUCTORY SECTION

FAIRVIEW PUBLIC SCHOOLS

Louis DeLisio
Superintendent of Schools
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Fairview, NJ 07022

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October 28, 2013

Honorable President and Members of the Fairview Board of Education
Fairview Public Schools
130 Hamilton Avenue
Fairview, New Jersey 07022

Dear Board Members,

The Comprehensive Annual Financial Report of the Fairview School District for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for the accuracy of the data and completeness of the presentation lies with the management of the district. It is our belief that the data contained in this report is accurate and is reported in a manner designed to present a clear picture of the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of district financial activities have been included.

The Government Accounting Standards Board (GASB) requires the district to provide a narrative introduction, an overview, and an analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal can be found immediately following the "Independent Auditors' Report".

The Comprehensive Annual Financial Report is presented in four sections: introduction, financial, statistical, and single audit. The introduction includes this transmittal letter and lists principal officials. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements including the district financial statements in an effort to conform to the Governmental Accounting Standards Board Statement Number 34. The basic financial statements also include the individual fund financial statements, notes to the basic financial statements, and required supplemental information. The statistical section includes selected financial and demographic information.

The district is required to have an annual single audit in order to conform with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants and State Aid Payments". Information related to this audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and a schedule of findings and questioned costs are included in the supplementary section of this report.

1. Reporting Entity and its Services: The Fairview Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board as established by GASB Statement No. 14. All funds of the district are included in this report.

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. These services include regular, as well as special education for handicapped students. The fiscal year concluded with an enrollment of 1203 students. This number represents an increase of seven (7) students from the previous fiscal year. The following is a view of the district enrollment for the last ten years.

Average Daily Enrollment

Year	Enrollment	Percent Change
2003-2004	1039	(1.98)
2004-2005	1010	(2.79)
2005-2006	1013	.30
2006-2007	1005	(0.80)
2007-2008	1051	4.58
2008-2009	1043	(.76)
2009-2010	1115	6.9
2010-2011	1148	3.0
2011-2012	1196	4.2
2012-2013	1203	.06

2. Economic Condition and Outlook: The community of Fairview continues to see substantial growth in the multi-family housing market. As a result of this growth the school district is experiencing an influx of students at the primary levels (Kindergarten, first and second grades). The overall district enrollment continues to rise and this trend is expected to continue.

3. Major Initiatives: The 2012-2013 school year saw an effort to address student progress on the NJ ASK. This effort involved increasing technology available to students in the classroom. The Fairview Board of education approved the purchase of SMART Boards for each district classroom to be completed over a two year period.

In addition, the district continued its lease agreement with the Newark Archdiocese for what was formerly St. John the Baptist School located at 240 Fourth Street, Fairview, N.J. This building currently houses all first grade students in the Fairview Public School District.

4. Internal Accounting Controls: District management is responsible for establishing and maintaining structure designed to ensure district assets are safe from loss, misuse or theft and to ensure that accurate accounting data are compiled when preparing financial statements which conform to generally accepted accounting practices. The internal control structure provides reasonable, but not absolute, assurance that the objectives are met.

As a recipient of federal and state funds, the Fairview School District is also responsible to ensure compliance with laws and regulations related to those programs. The district internal control structure must also be periodically evaluated by the district management.

Part of the district's single audit requires tests to determine the accuracy of the internal control structure. This in an effort to ensure the district is in compliance with laws and regulations regarding federal and state funding programs.

5. Budgetary Controls: The district maintains budgetary controls, in addition to internal accounting controls, in an effort to ensure compliance with legal provisions in the annual appropriated budget. Annual budgets are adopted for the general, debt service and special revenue funds. The final budget amounts are reported in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. The funds are to be re-appropriated are reported as reservations of fund balance on June 30, 2013.

6. Debt Administration: As of June 30, 2013, the district outstanding debt issues included \$230,000 of EDA Safe Schools Loans. These loans have assisted in upgrading facilities at School Number Three and Lincoln School. In addition the district has \$360,000 of Pension Refunding Bonds outstanding at June 30, 2013.

7. Cash Management: The district investment policy is in accordance with the state statute detailed in the "Notes to the Financial Statements". The district cash management plan requires it to deposit public funds in institutions protected from loss under 1970 to protect Governmental Units from loss of funds on deposit with a failed bank in the state of New Jersey.

8. Risk Management: The Fairview Board of Education is covered by a variety of insurance forms. These include general liability, auto liability and collision, hazard and theft insurance on buildings and other property (including contents) and fidelity bonds.

9. Other Information: The district is required to conduct an annual audit conducted by an independent certified public accountant or registered municipal accountant. The Fairview Board of education currently employs the services of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. as our independent accounting firm. The audit is performed and designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The report on basic financial statements and schedules is included in the financial section of the report. The auditors' report specifically related to the single audit is included in that section of this report.

10. Acknowledgements: The administration wishes to express their gratitude to the Fairview Board of Education for their efforts in providing fiscal accountability and stability to the children, parents and taxpayers of the borough of Fairview. With the support of the Board the district has been able to develop and maintain a stable financial base. In addition, the administration wishes to acknowledge the efforts of the Business Administrator and his staff for their dedicated service to the Fairview Public School district.

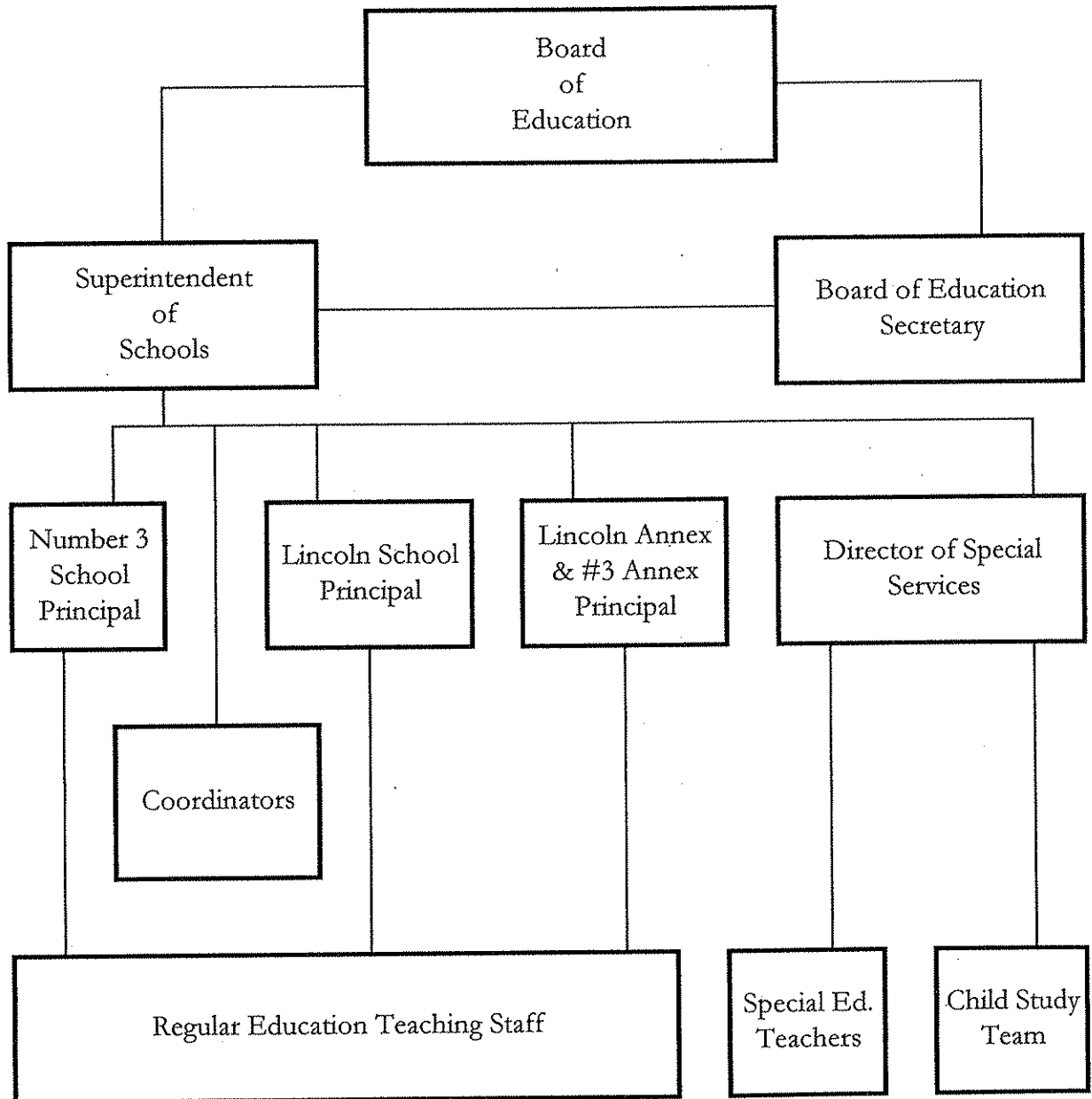
Respectfully submitted,

Louis DeLisio

Louis DeLisio
Superintendent of Schools

BOUROUGH OF FAIRVIEW BOARD OF EDUCATION

Fairview, New Jersey



FAIRVIEW BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Angelo D'Arminio	2016
Jhon Gomez	2015
Louis Aveta	2014
Yara Betancourt	2015
Martin Booth	2015
Francisco Martinez	2016
John Mesisca	2014
Diane Testa	2016
Maria Travers	2014

Other Officials

Louis De Lisio, Ph.D., Superintendent

Partick Caufield, School Business Administrator/Board Secretary

Eugene Pedoto, Treasurer of School Monies

FAIRVIEW BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2013

Attorney

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Joseph Ryglicki
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Edgewater, NJ 07020

Architect of Record

GEORGE HELD & ASSOCIATES, AIA
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Clifton, NJ 07011

District Auditor

STEVEN D. WIELKOTZ, C.P.A.
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Pompton Lakes, New Jersey 07442

Official Depository

GSL Bank
215 Bergen Blvd
Fairview, NJ 07022

FINANCIAL SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Fairview Board of Education, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fairview Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairview Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 12 - 20 and 52 - 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairview Board of Education's basic financial statements. The other supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013 on our consideration of the Fairview Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope

Honorable President and
Members of the Board of Education
Page 4.

of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fairview Board of Education's internal control over financial reporting and compliance.



Steven D. Wielkottz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 28, 2013

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of the Fairview Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased by \$268,759. Net position of governmental activities increased \$266,445 while net position of business-type activities increased by \$2,314.
- General revenues accounted for \$21,694,328 in revenue or 92 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,921,339 or 8 percent of total revenues of \$23,615,667.
- The School District had \$23,346,908 in expenses related to governmental and business-type activities; only \$1,921,339 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$21,694,328 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Fairview Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-type Activity** – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Fund is reported as a business-type activity.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fairview Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Fairview Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and debt service funds, which are both considered to be major funds.

The Fairview Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Fairview Board of Education uses proprietary funds to account for its food service program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net position were \$4,814,713 at June 30, 2013 and \$4,545,954 at June 30, 2012. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2013 compared to 2012 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and Other Assets	2,942,599	2,129,879	59,273	43,821	3,001,872	2,173,700
Capital Assets:						
Land and Construction in Progress	1,320,213	1,320,213			1,320,213	1,320,213
Depreciable Buildings, Improvements and Equipment (net)	<u>2,892,518</u>	<u>3,304,589</u>	<u>21,719</u>	<u>25,924</u>	<u>2,914,237</u>	<u>3,330,513</u>
Total Assets	<u>7,155,330</u>	<u>6,754,681</u>	<u>80,992</u>	<u>69,745</u>	<u>7,236,322</u>	<u>6,824,426</u>
Deferred Outflows:						
Unamortized Bond Issuance Costs	<u>11,667</u>				<u>11,667</u>	
Deferred Outflows	<u>11,667</u>				<u>11,667</u>	
Liabilities						
Current Liabilities	1,291,227	513,233	26,906	17,970	1,318,133	531,203
Noncurrent Liabilities	<u>1,115,146</u>	<u>1,747,269</u>			<u>1,115,146</u>	<u>1,747,269</u>
Total Liabilities	<u>2,406,373</u>	<u>2,260,502</u>	<u>26,906</u>	<u>17,970</u>	<u>2,433,279</u>	<u>2,278,472</u>
Net Position						
Net Investment in Capital Assets						
Assets	3,629,574	4,162,814	21,719	25,924	3,651,293	4,188,738
Restricted	1,724,080	1,072,003			1,724,080	1,072,003
Unrestricted	<u>(593,030)</u>	<u>(740,638)</u>	<u>32,370</u>	<u>25,851</u>	<u>(560,660)</u>	<u>(714,787)</u>
Total Net Position	<u>4,760,624</u>	<u>4,494,179</u>	<u>54,089</u>	<u>51,775</u>	<u>4,814,713</u>	<u>4,545,954</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2013.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			32,968	42,373	32,968	42,373
Operating Grants and						
Contributions	1,555,356	1,584,694	333,015	334,173	1,888,371	1,918,867
General Revenues:						
Taxes:						
Property Taxes	12,852,943	12,606,163			12,852,943	12,606,163
Federal and State Aid not						
Restricted	8,744,802	7,947,776			8,744,802	7,947,776
Federal and State Aid -						
Debt Service	46,770	47,191			46,770	47,191
Federal and State Aid -						
Capital Outlay	12,109	28,556			12,109	28,556
Miscellaneous Income	32,087	33,528			32,087	33,528
Investment Income	5,602	6,161	15		5,617	6,161
Transfers	<u>(5,311)</u>	<u>(2,575)</u>	<u>5,311</u>	<u>2,575</u>		
Total Revenues and Transfers	<u>23,244,358</u>	<u>22,251,494</u>	<u>371,309</u>	<u>379,121</u>	<u>23,615,667</u>	<u>22,630,615</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Functions/Program						
Instruction:						
Regular	4,420,441	3,782,768			4,420,441	3,782,768
Special Education	2,304,755	2,236,828			2,304,755	2,236,828
Other Special Instruction	823,416	814,909			823,416	814,909
Other Instruction	41,975	41,813			41,975	41,813
Support Services:						
Tuition	8,369,482	7,731,156			8,369,482	7,731,156
Student & Instruction						
Related Services	1,873,252	1,800,445			1,873,252	1,800,445
School Administrative						
Services	619,650	558,411			619,650	558,411
General Administrative						
Services	720,155	710,932			720,155	710,932
Central Administration and						
Admin. Info. Tech.	545,108	520,651			545,108	520,651
Plant Operations and						
Maintenance	1,545,544	1,241,884			1,545,544	1,241,884
Pupil Transportation	218,119	186,349			218,119	186,349
Unallocated Benefits	1,008,799	1,061,662			1,008,799	1,061,662
Special Schools	21,000	21,000			21,000	21,000
Charter Schools	12,164	11,981			12,164	11,981
Capital Outlay -						
Nondepreciable	12,109				12,109	
Interest on Long-Term Debt	27,540	46,099			27,540	46,099
Unallocated Depreciation	412,071	366,131			412,071	366,131
Capital Lease Obligations						
and Amortization	2,333	2,000			2,333	2,000
Food Service			368,995	365,909	368,995	365,909
Total Expenses	<u>22,977,913</u>	<u>21,135,019</u>	<u>368,995</u>	<u>365,909</u>	<u>23,346,908</u>	<u>21,500,928</u>
Increase or (Decrease) in						
Net Position	<u>266,445</u>	<u>1,116,475</u>	<u>2,314</u>	<u>13,212</u>	<u>268,759</u>	<u>1,129,687</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$23,346,908. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$12,852,943 because some of the cost was paid by those who benefitted from the programs \$32,968, by other governments and organizations who subsidized certain programs with grants and contributions \$1,888,371, unrestricted federal and state aid \$8,744,802, federal and state aid capital outlay \$12,109, federal and state debt service aid \$46,770, and by miscellaneous sources \$37,704.

Revenues for the District's business-type activities (food service and school age child care programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service expenses exceeded revenues by \$2,314.
- ✓ Charges for services provided totaled \$32,968. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$333,015.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2013, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- The general fund was increased by \$75,313 for increases in federal and state grant awards and increases in miscellaneous revenue.
- The special revenue fund was increased by \$97,737 for increases in federal and state grant awards.

General Fund

The general fund actual revenue was \$21,210,541. That amount is \$1,593,672 above the final amended budget of \$19,616,869. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,344,444 for TPAF social security reimbursements and on-behalf pension payments and a \$249,228 excess in miscellaneous anticipated revenues and other state aids.

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$21,327,144 including transfers which is \$701,985 more than the final amended budget of \$20,625,159. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$1,344,444 and \$642,459 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$1,581,946. That amount is below the original budget estimate of \$1,612,306 and below the final amended budget of \$1,710,043. The \$97,737 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$128,097 variance between the final amended budget and the June 30, 2013 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special education fund were \$1,581,946, which is above the original budget of \$1,612,306 and below the final amended budget of \$1,710,043. The \$97,737 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$128,097 variance between the final amended budget and the June 30, 2013 actual results was due to the anticipation of fully expending federal and state grant programs. Expenditures will be incurred in the next fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013 the School District had \$12,291,096 invested in sites, buildings, equipment and construction in progress. Of this amount, \$8,056,646 in depreciation has been taken over the years. We currently have a net book value of \$4,234,450. Total depreciable additions for the year were \$-0-, which consisted of various equipment purchases and site and building improvements. Table 3 shows fiscal year 2013 balances compared to 2012.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2013	Restated 2012	2013	Restated 2012	2013	Restated 2012
Land	1,320,213	1,320,213			1,320,213	1,320,213
Site Improvements	141,812	152,948			141,812	152,948
Buildings and Improvements	2,110,682	2,380,267			2,110,682	2,380,267
Machinery and Equipment	640,024	771,374	21,719	25,924	661,743	797,298
	<u>4,212,731</u>	<u>4,624,802</u>	<u>21,719</u>	<u>25,924</u>	<u>4,234,450</u>	<u>4,650,726</u>

**FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2013, the District had \$1,115,146 of long term debt. Of this amount, \$520,322 is for compensated absences; \$360,000 is for the pension refunding bonds; \$230,300 of loan obligations for school improvements; and \$4,524 is for capital lease obligations.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2013</u>	<u>2012</u>
2003 Pension Refunding Bonds	<u>\$360,000</u>	<u>\$420,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have declined to the point that the legislature and governor have approved a State Aid funding bill for the 2013-2014 school year that is slightly above the funding level of the 2012-2013 school year.

These factors were considered in preparing the Fairview Board of Education's budgets for the 2013-2014 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fairview Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

School Business Administrator
Fairview Board of Education
Hamilton and Day Avenues
Fairview, NJ 07022

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FAIRVIEW BOARD OF EDUCATION
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	151,483	30,848	182,331
Receivables, net	1,614,116	28,425	1,642,541
Inventory			-
Restricted assets:			
Reserve accounts - cash	1,177,000		1,177,000
Capital assets:			-
Land and Construction in Progress	1,320,213		1,320,213
Depreciable Buildings, Improvements and Equipment (net)	2,892,518	21,719	2,914,237
Total Assets	<u>7,155,330</u>	<u>80,992</u>	<u>7,236,322</u>
 Deferred Outflow of Resources:			
Unamortized bond issuance costs	<u>11,667</u>		<u>11,667</u>
 Total Deffered Outflows	<u>11,667</u>		<u>11,667</u>
 LIABILITIES			
Accounts payable and accrued liabilities	1,281,775	26,903	1,308,678
Payable to federal government			-
Payable to state government	9,452		9,452
Deferred revenue			-
Noncurrent liabilities:			
Due within one year	299,824		299,824
Due beyond one year	815,322		815,322
Total liabilities	<u>2,406,373</u>	<u>26,903</u>	<u>2,433,276</u>
 NET POSITION			
Net Investment in Capital Assets	3,629,574	21,719	3,651,293
Restricted for:			
Debt service	5		5
Capital projects	852,000		852,000
Other purposes	695,550		695,550
Unrestricted (Deficit)	<u>(416,505)</u>	<u>32,370</u>	<u>(384,135)</u>
Total net position	<u><u>4,760,624</u></u>	<u><u>54,089</u></u>	<u><u>4,814,713</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FAIRVIEW BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	3,670,685	749,756			(4,420,441)		(4,420,441)
Special education	2,035,331	269,424		960,633	(1,344,122)		(1,344,122)
Other special instruction	658,033	165,383			(823,416)		(823,416)
Other instruction	34,064	7,911			(41,975)		(41,975)
Support services:							
Tuition	8,369,482				(8,369,482)		(8,369,482)
Student & instruction related services	1,658,630	214,622		594,723	(1,278,529)		(1,278,529)
School administrative services	494,878	124,772			(619,650)		(619,650)
General administrative services	636,641	83,514			(720,155)		(720,155)
Central services and administrative information technology	441,037	104,071			(545,108)		(545,108)
Plant operations and maintenance	1,402,051	143,493			(1,545,544)		(1,545,544)
Pupil transportation	217,134	985			(218,119)		(218,119)
Unallocated benefits	1,008,799				(1,008,799)		(1,008,799)
Special schools	21,000				(21,000)		(21,000)
Charter schools	12,164				(12,164)		(12,164)
Capital outlay - non-depreciable	12,109				(12,109)		(12,109)
Interest on long-term debt	27,540				(27,540)		(27,540)
Unallocated depreciation	412,071				(412,071)		(412,071)
Amortization	2,333				(2,333)		(2,333)
Total governmental activities	21,113,982	1,863,931	-	1,555,356	(21,422,557)	-	(21,422,557)
Business-type activities:							
Food Service	368,995		32,968	333,015		(3,012)	(3,012)
Total business-type activities	368,995		32,968	333,015		(3,012)	(3,012)
Total primary government	21,482,977		32,968	1,888,371	(21,422,557)	(3,012)	(21,425,569)
General revenues:							
Taxes:							
Levied for general purposes					12,579,810		12,579,810
Taxes levied for debt service					273,133		273,133
Federal and State aid not restricted					8,744,802		8,744,802
Federal and State aid - Capital Outlay					12,109		12,109
Federal and State aid - Debt Service					46,770		46,770
Investment Earnings					5,602	15	5,617
Miscellaneous Income					32,087		32,087
Transfers					(5,311)	5,311	-
Total general revenues, special items, extraordinary items and transfers					21,689,002	5,326	21,694,328
Change in Net Position					266,445	2,314	268,759
Net Position—beginning (restated)					4,494,179	51,775	4,545,954
Net Position—ending					4,760,624	54,089	4,814,713

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FAIRVIEW BOARD OF EDUCATION

Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents				
Checking	151,478		5	151,483
Accounts Receivable -				
Interfunds	127,067			127,067
Intergovernmental - Federal		267,056		267,056
Intergovernmental - State	275,981			275,981
Other receivables	1,071,079			1,071,079
Restricted cash and cash equivalents				
Capital reserve	852,000			852,000
Tuition reserve	325,000			325,000
Total assets	<u>2,802,605</u>	<u>267,056</u>	<u>5</u>	<u>3,069,666</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,146,257	130,537		1,276,794
Intergovernmental accounts payable - State		9,452		9,452
Interfund payables		127,067		127,067
Total liabilities	<u>1,146,257</u>	<u>267,056</u>	<u>-</u>	<u>1,413,313</u>
Fund Balances:				
Restricted for:				
Excess Surplus - current year	184,306			184,306
Capital reserve account	852,000			852,000
Tuition reserve	325,000			325,000
Assigned to:				
Year-end Encumbrances	176,631			176,631
Designated by the BOE for subsequent year's expenditures	186,244			186,244
Debt service fund			5	5
Unassigned:				
General fund	(67,833)			(67,833)
Total Fund balances	<u>1,656,348</u>	<u>-</u>	<u>5</u>	<u>1,656,353</u>
Total liabilities and fund balances	<u>2,802,605</u>	<u>267,056</u>	<u>5</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$12,228,026 and the accumulated depreciation is \$8,015,295.	4,212,731
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(4,981)
Bond issuance costs are reported as expenditures in the Governmental Funds in the year of the expenditure. The costs are \$30,000 and accumulated amortization is \$18,333	11,667
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(1,115,146)
Net position of governmental activities	<u>4,760,624</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FAIRVIEW BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Municipal tax levy	12,579,810		273,133	12,852,943
Miscellaneous	30,436	7,253		37,689
Total - Local Sources	12,610,246	7,253	273,133	12,890,632
State sources	8,706,411	267,795	46,770	9,020,976
Federal sources	38,391	1,299,670		1,338,061
Total revenues	21,355,048	1,574,718	319,903	23,249,669
EXPENDITURES				
Current:				
Regular instruction	3,670,685			3,670,685
Special education instruction	1,077,532	957,799		2,035,331
Other special instruction	658,033			658,033
School sponsored/other instructional	34,064			34,064
Support services and undistributed costs:				
Tuition	8,369,482			8,369,482
Attendance and social work services	142,313			142,313
Health services	218,213			218,213
Student & instruction related services	703,381	594,723		1,298,104
School administrative services	494,878			494,878
General administrative services	636,641			636,641
Central services & administrative information technology	441,037			441,037
Plant operations and maintenance	1,402,051			1,402,051
Pupil transportation	217,134			217,134
Unallocated benefits	1,863,931			1,863,931
On-behalf contributions	1,344,444			1,344,444
Special Schools:				
Summer School Instruction	21,000			21,000
Transfer to charter school	12,164			12,164
Debt service:				
Principal	14,269		282,209	296,478
Interest and other charges	581		37,692	38,273
Capital outlay		12,109		12,109
Total expenditures	21,321,833	1,564,631	319,901	23,206,365
Excess (Deficiency) of revenues	33,215	10,087	2	43,304
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,311)			(5,311)
Total other financing sources and uses	(5,311)	-	-	(5,311)
Net change in fund balances	27,904	10,087	2	37,993
Fund balance—July 1	1,628,444	(10,087)	3	1,618,360
Fund balance—June 30	1,656,348	-	5	1,656,353

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FAIRVIEW BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2013

Total net change in fund balances - governmental funds (from B-2) 37,993

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(412,071)	
Depreciable Capital outlays	<u> </u>	
		(412,071)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

General Bond Obligations - Principal	60,000	
Intergovernmental Loan Obligations - Principal	222,209	
Capital Lease Obligations - Principal	<u>14,269</u>	
		296,478

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

General Bond Obligations - Prior Year	15,714	
General Bond Obligations	(2,568)	
Intergovernmental Loan Obligations	(2,401)	
Capital Lease Obligations	<u>(12)</u>	
		10,733

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in compensated absences payable	335,645
--	---------

The governmental funds report the effect of issuance costs when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (-)

(2,333)

Change in net position of governmental activities

266,445

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FAIRVIEW BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2013

**Business-type
Activities -
Enterprise Fund**

**Food Service
Program**

ASSETS

Current assets:

Cash and cash equivalents	30,848
Accounts receivable:	
State	895
Federal	27,530
Total current assets	<u>59,273</u>

Noncurrent assets:

Capital assets:	
Equipment	63,070
Less accumulated depreciation	<u>(41,351)</u>
Total capital assets (net of accumulated depreciation)	<u>21,719</u>
Total assets	<u>80,992</u>

Current Liabilities:

Accounts Payable	<u>26,903</u>
Total Liabilities	<u>26,903</u>

NET POSITION

Net Investment in Capital Assets	21,719
Unrestricted	<u>32,370</u>
Total net position	<u><u>54,089</u></u>

Exhibit B-5

FAIRVIEW BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2013

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
Operating revenues:	
Charges for services:	
Daily sales	32,968
Total operating revenues	<u>32,968</u>
 Operating expenses:	
Cost of sales	52,619
Depreciation expense	4,205
Purchased services	312,171
Total Operating Expenses	<u>368,995</u>
Operating income (loss)	<u>(336,027)</u>
 Nonoperating revenues (expenses):	
State sources:	
School lunch program	6,425
Federal sources:	
National school lunch program	294,104
Breakfast program	32,486
Interest Income	15
Total nonoperating revenues (expenses)	<u>333,030</u>
Income (loss) before contributions & transfers	<u>(2,997)</u>
 Other financing sources/(uses)	
Transfer In	5,311
Change in net position	<u>2,314</u>
 Total net position—beginning (restated)	<u>51,775</u>
Total net position—ending	<u><u>54,089</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FAIRVIEW BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2013

**Business-type
Activities -
Enterprise Fund**

**Food Service
Program**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	32,968
Payments to suppliers	(355,857)
Net cash provided by (used for) operating activities	<u>(322,889)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Sources	5,926
Federal Sources	319,716
Transfer In	5,311
Net cash provided by (used for) non-capital financing activities	<u>330,953</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends	15
Net cash provided by (used for) investing activities	<u>15</u>
Net increase (decrease) in cash and cash equivalents	<u>8,079</u>

Balances—beginning of year	22,769
Balances—end of year	<u>30,848</u>

**Reconciliation of operating income (loss) to net cash provided
(used) by operating activities:**

Operating income (loss)	(336,027)
Adjustments to reconcile operating income (loss) to net cash provided by	
Depreciation and net amortization	4,205
Increase (decrease) in accounts payable	8,933
Total adjustments	<u>13,138</u>
Net cash provided by (used for) operating activities	<u>(322,889)</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FAIRVIEW BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	243,786
Total assets	<u>243,786</u>
LIABILITIES	
Payable to student groups	22,879
Payroll deductions and withholdings	220,904
Region VI Fund	3
Total liabilities	<u><u>243,783</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Fairview Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Fairview Board of Education is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fairview Board of Education have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Region VI Student Activities Fund, Payroll and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Fund Balances: (continued)

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. Net Position:

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for the Food Service Program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Recent Accounting Pronouncements:

In August 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any impact on the District's financial reporting.

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

U. Recent Accounting Pronouncements: (continued)

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$-0- of the District's bank balance of \$3,301,185 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 4. RECEIVABLES

Receivables at June 30, 2013, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
Other Receivables	\$1,071,079	\$	\$1,071,079
State Aid	275,981	\$895	276,876
Federal Aid	267,056	27,530	294,586
Due from Other Funds	<u>127,067</u>		
Gross Receivables	1,741,183	28,425	1,642,541
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$1,741,183</u>	<u>\$28,425</u>	<u>\$1,642,541</u>

NOTE 5. INTERFUND BALANCE AND ACTIVITY

Balance due to/from other funds at June 30, 2013, consist of the following:

\$127,067 Due to the General Fund from the Special Revenue Fund for short term loans.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Restated Beginning Balance 6/30/12	Additions	Retirements	Ending Balance 6/30/13
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	<u>1,320,213</u>			<u>1,320,213</u>
Total Capital Assets Not Being Depreciated	<u>1,320,213</u>			<u>1,320,213</u>
Site Improvements	313,485			313,485
Buildings and Building Improvements	7,908,124			7,908,124
Machinery and Equipment	<u>2,686,204</u>			<u>2,686,204</u>
Totals at Historical Cost	<u>10,907,813</u>			<u>10,907,813</u>
Less Accumulated Depreciation:				
Sites and Improvements	(160,537)	(11,136)		(171,673)
Buildings and Improvements	(5,527,857)	(269,585)		(5,797,442)
Machinery and Equipment	<u>(1,914,830)</u>	<u>(131,350)</u>		<u>(2,046,180)</u>
Total Accumulated Depreciation	<u>(7,603,224)</u>	<u>(412,071)</u>		<u>(8,015,295)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>3,304,589</u>	<u>(412,071)</u>		<u>2,892,518</u>
Governmental Activities Capital Assets, Net	<u>4,624,802</u>	<u>(412,071)</u>		<u>4,212,731</u>

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 6. CAPITAL ASSETS, (continued)

	Restated Beginning Balance 6/30/12	Additions	Retirements	Ending Balance 6/30/13
Business-Type Activity				
Equipment	<u>63,070</u>	<u> </u>	<u> </u>	<u> </u>
Totals at historical	<u>63,070</u>	<u> </u>	<u> </u>	<u>63,070</u>
Less Accumulated Depreciation for:				
Equipment	<u>(37,146)</u>	<u>(4,205)</u>	<u> </u>	<u>(41,351)</u>
Total Accumulated Depreciation	<u>(37,146)</u>	<u>(4,205)</u>	<u> </u>	<u>(41,351)</u>
Business-Type Activity Capital Assets, Net	<u>25,924</u>	<u>(4,205)</u>	<u> </u>	<u>21,719</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as unallocated depreciation.

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2013 were as follows:

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013	Amount Due Within One Year
Bonds Payable:					
General Obligation Debt	<u>\$420,000</u>	<u>\$ </u>	<u>\$(60,000)</u>	<u>\$360,000</u>	<u>\$65,000</u>
Total Bonds Payable	<u>420,000</u>	<u> </u>	<u>(60,000)</u>	<u>360,000</u>	<u>65,000</u>
Other Liabilities:					
Loan Obligation Debt	452,509		(222,209)	230,300	230,300
Obligations Under Capital Lease	18,793		(14,269)	4,524	4,542
Bonds Payable	<u>855,967</u>	<u> </u>	<u>(335,645)</u>	<u>520,322</u>	<u> </u>
Total Other Liabilities	<u>1,327,269</u>	<u> </u>	<u>(572,123)</u>	<u>755,146</u>	<u>234,842</u>
	<u>1,747,269</u>	<u>\$ </u>	<u>(\$632,123)</u>	<u>\$1,115,146</u>	<u>\$299,842</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 7. LONG-TERM OBLIGATION ACTIVITY, (continued)

Outstanding bonds payable at June 30, 2013 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2013</u>
ERIP Refunding Bonds	10/1/2003	5.50%-5.75%	10/1/2017	<u>\$360,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$65,000	\$18,750	\$83,750
2015	70,000	14,950	84,950
2016	70,000	10,925	80,925
2017	75,000	6,756	81,756
2018	<u>80,000</u>	<u>2,300</u>	<u>82,300</u>
	<u>\$360,000</u>	<u>\$53,681</u>	<u>\$413,681</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2013 the Board has no authorized but not issued bonds.

C. Capital Leases

The District is leasing various equipment and vehicles including Apple I-Pads and a twenty four passenger bus. The Apple I-Pads capital lease is for thirty months and the bus capital lease is for five years. The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2013:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$4,524</u>	<u>\$71</u>	<u>\$4,595</u>
Total minimum lease payments			\$4,595
Less: Amount representing interest			<u>(\$71)</u>
Present value of lease payments			<u>\$4,524</u>

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 8. OPERATING LEASES

The District has commitments to lease certain office equipment and a building for classroom use under operating leases that expire in 2017. Total operating lease payments made during the year ended June 30, 2013 were \$171,976. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$34,608
2015	3,934
2016	3,417
2017	<u>3,132</u>
	<u>\$45,091</u>

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 9. PENSION PLANS, (continued)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year</u> <u>Ending</u>	
6/30/13	\$136,876
6/30/12	160,975
6/30/11	166,606

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits and NCGI Premium were as follows:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>
6/30/13	\$390,985	\$465,366	\$20,571
6/30/12	188,995	420,701	20,282
6/30/11		413,311	19,459

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 9. PENSION PLANS, (continued)

During the year ended June 30, 2013, the State of New Jersey contributed \$876,922 to the TPAF for NCGI Premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$467,522 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Valic
Equitable
Prudential Financial

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this method, the District remits all contributions directly to the State of New Jersey Unemployment Trust Fund.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Fairview Board of Education by inclusion of \$552,000 on July 25, 2012 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$552,000
Deposits Approved by Board Resolution	<u>300,000</u>
Ending Balance, June 30, 2013	<u>\$852,000</u>

**Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 14. TUITION RESERVE

A tuition reserve was established by the Fairview Board of Education by inclusion of \$520,000 on July 25, 2012 for the accumulation of funds for use in subsequent fiscal years. The reserve for tuition is maintained in the general fund. The tuition reserve represent a year end fund balance classification to reserve unrestricted fund balance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f). The tuition reserve enables the District to reserve fund balance for an anticipated large tuition adjustment for the current contract year. The major contributing factor for tuition adjustments and use of the reserve is a significant change from estimated to the actual enrollment.

The activity of the Tuition Reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$520,000
Increased by:	
Deposits Approved by Board Resolution	125,000
Decreased by:	
Budget Appropriations	<u>320,000</u>
Ending Balance, June 30, 2013	<u>\$325,000</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,656,348 General Fund fund balance at June 30, 2013, \$176,631 is reserved for encumbrances; \$184,306 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$-0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014); \$852,000 has been reserved in the Capital Reserve Account; \$325,000 has been reserved in the Tuition Reserve Account; \$186,244 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ended June 30, 2014; \$(67,833) is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2013 of \$5 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$184,200. Of this amount, \$184,306 is the result of current year's operations.

Fairview Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 17. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 18. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through October 28, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

NOTE 19. RETROACTIVE RESTATEMENT DUE TO UPDATED FIXED ASSET SCHEDULE

During fiscal year 2013, the District's fixed asset report was updated by the outside service provider to reflect adjustments not made prior to the issuance of the June 30, 2012 audit report. The following adjustments were made to the capital asset schedule and the Statement of Net Position as of June 30, 2013:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance</u> <u>June 30, 2012</u>
<u>Governmental Funds:</u>			
	\$3,047,470	\$257,119	\$3,304,589
Assets:			
Capital assets Being Depreciated, Net			
Net Assets:			
Net Investment in Capital Assets	3,905,695	257,119	4,162,814
Total Net Position	4,237,060	257,119	4,494,179
<u>Business-Type Activities:</u>			
Assets:			
Capital Assets Being Depreciated, Net	4,039	218,985	223,024
Net Assets:			
Net Investment in Capital Assets	4,039	21,885	25,924
Total Net Position	29,890	21,885	51,775

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	12,579,810		12,579,810	12,579,810	
Unrestricted Miscellaneous Revenues	2,000	30,148	32,148	30,436	(1,712)
Total - Local Sources	<u>12,581,810</u>	<u>30,148</u>	<u>12,611,958</u>	<u>12,610,246</u>	<u>(1,712)</u>
Revenues from State Sources:					
Categorical Special Education Aid	933,864		933,864	933,864	
Equalization Aid	5,871,685		5,871,685	5,871,685	
Categorical Security Aid	99,713		99,713	99,713	
Categorical Transportation Aid	24,861		24,861	24,861	
Extraordinary Aid				180,526	180,526
Other State Aids		36,397	36,397	106,811	70,414
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				411,556	411,556
On-behalf TPAF Pension and NCGI Premium				465,366	465,366
Reimbursed TPAF Social Security Contributions (non-budgeted)				467,522	467,522
Total - State Sources	<u>6,930,123</u>	<u>36,397</u>	<u>6,966,520</u>	<u>8,561,904</u>	<u>1,595,384</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	29,623	8,768	38,391	38,391	
Total - Federal Sources	<u>29,623</u>	<u>8,768</u>	<u>38,391</u>	<u>38,391</u>	
TOTAL REVENUES	<u>19,541,556</u>	<u>75,313</u>	<u>19,616,869</u>	<u>21,210,541</u>	<u>1,593,672</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	122,057	4,000	126,057	122,440	3,617
Kindergarten - Salaries of Teachers	297,300	(15,000)	282,300	274,275	8,025
Grades 1-5 - Salaries of Teachers	1,607,340	(21,050)	1,586,290	1,584,638	1,652
Grades 6-8 - Salaries of Teachers	795,952	208,750	1,004,702	999,578	5,124
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	268	10,268	9,005	1,263
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	121,905	(11,168)	110,737	106,244	4,493
Other Purchased Services (400-500 series)	26,500	10,900	37,400	30,982	6,418
General Supplies	326,691	67,504	394,195	294,247	99,948
Textbooks	230,024	(7,094)	222,930	187,132	35,798
Other Objects	42,614	29,090	71,704	62,144	9,560
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,580,383</u>	<u>266,200</u>	<u>3,846,583</u>	<u>3,670,685</u>	<u>175,898</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	249,477	(25,712)	223,765	223,765	
Other Salaries for Instruction	57,039	10,677	67,716	67,677	39
General Supplies	10,133	(6,900)	3,233	3,030	203
Textbooks	2,000	5,300	7,300	2,126	5,174
Other Objects	500	135	635	635	
Total Learning and/or Language Disabilities	<u>319,149</u>	<u>(16,500)</u>	<u>302,649</u>	<u>297,233</u>	<u>5,416</u>
Resource Room/Resource Center:					
Salaries of Teachers	535,743	97,000	632,743	631,770	973
General Supplies	7,000		7,000	3,590	3,410
Textbooks	3,500		3,500		3,500
Other Objects	1,000		1,000	337	663
Total Resource Room/Resource Center	<u>547,243</u>	<u>97,000</u>	<u>644,243</u>	<u>635,697</u>	<u>8,546</u>
Autism:					
Other Salaries for Instruction	27,900	(8,498)	19,402	19,402	
Total Preschool Disabilities - Part Time	<u>27,900</u>	<u>(8,498)</u>	<u>19,402</u>	<u>19,402</u>	
Preschool Disabilities- Full-Time:					
Salaries of Teachers	99,059	4,329	103,388	103,388	
Other Salaries for Instruction	28,177	(2,029)	26,148	22,605	3,543
General Supplies	2,500		2,500	(793)	3,293
Other Objects	300		300		300
Total Preschool Disabilities - Full-Time	<u>130,036</u>	<u>2,300</u>	<u>132,336</u>	<u>125,200</u>	<u>7,136</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,024,328</u>	<u>74,302</u>	<u>1,098,630</u>	<u>1,077,532</u>	<u>21,098</u>

Exhibit C-1

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	336,821	35,507	372,328	372,328	
General Supplies	4,000		4,000	1,282	2,718
Textbooks	2,000		2,000		2,000
Other Objects	700		700		700
Total Basic Skills/Remedial - Instruction	<u>343,521</u>	<u>35,507</u>	<u>379,028</u>	<u>373,610</u>	<u>5,418</u>
Bilingual Education - Instruction					
Salaries of Teachers	322,213	(34,552)	287,661	283,625	4,036
General Supplies	2,544		2,544	528	2,016
Textbooks	2,700		2,700		2,700
Other Objects	500		500	270	230
Total Bilingual Education - Instruction	<u>327,957</u>	<u>(34,552)</u>	<u>293,405</u>	<u>284,423</u>	<u>8,982</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	22,163	(1,269)	20,894	16,392	4,502
Purchased Services (300-500 series)		825	825		825
Supplies and Materials	2,525	(2,325)	200	113	87
Total School-Sponsored Cocurricular Activities - Instruction	<u>24,688</u>	<u>(2,769)</u>	<u>21,919</u>	<u>16,505</u>	<u>5,414</u>
School-Sponsored Athletics - Instruction					
Salaries	14,290	3,119	17,409	14,985	2,424
Purchased Services (300-500 series)	1,500	(350)	1,150	712	438
Supplies and Materials	2,000		2,000	1,862	138
Total School-Sponsored Athletics - Instruction	<u>17,790</u>	<u>2,769</u>	<u>20,559</u>	<u>17,559</u>	<u>3,000</u>
TOTAL INSTRUCTION	<u>5,318,667</u>	<u>341,457</u>	<u>5,660,124</u>	<u>5,440,314</u>	<u>219,810</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	5,234,950	101,178	5,336,128	5,297,698	38,430
Tuition to Other LEAs Within the State - Special	1,838,776	(190,520)	1,648,256	1,612,803	35,453
Tuition to County Voc. School Dist. - Regular	98,760	(16,460)	82,300	82,300	
Tuition to County Voc. School Dist. - Special	26,100		26,100	26,100	
Tuition to CSSD & Regional Day Schools	1,021,185	(174,289)	846,896	818,368	28,528
Tuition to Private Schools for the Handicapped - Within State	477,875	59,541	537,416	532,213	5,203
Total Undistributed Expenditures - Instruction:	<u>8,697,646</u>	<u>(220,550)</u>	<u>8,477,096</u>	<u>8,369,482</u>	<u>107,614</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	132,319	9,994	142,313	142,313	
Total Undistributed Expend. - Attend. & Social Work	<u>132,319</u>	<u>9,994</u>	<u>142,313</u>	<u>142,313</u>	
Undist. Expend. - Health Services					
Salaries	166,370	(3,345)	163,025	163,025	
Purchased Professional and Technical Services	25,000	28,000	53,000	50,512	2,488
Supplies and Materials	10,063		10,063	4,676	5,387
Total Undistributed Expenditures - Health Services	<u>201,433</u>	<u>24,655</u>	<u>226,088</u>	<u>218,213</u>	<u>7,875</u>
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	108,267	30,300	138,567	138,223	344
Purchased Prof. Services-Educational Services	45,000	110,500	155,500	151,477	4,023
Supplies and Materials	500		500		500
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	<u>153,767</u>	<u>140,800</u>	<u>294,567</u>	<u>289,700</u>	<u>4,867</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	270,436	3,151	273,587	268,210	5,377
Salaries of Secretarial and Clerical Assistants	81,328	725	82,053	81,053	1,000
Total Undist. Expend. - Child Study Teams	<u>351,764</u>	<u>3,876</u>	<u>355,640</u>	<u>349,263</u>	<u>6,377</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	59,491	625	60,116	58,425	1,691
Supplies and Materials	6,000	(75)	5,925	4,760	1,165
Other Objects		75	75	75	
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>65,491</u>	<u>625</u>	<u>66,116</u>	<u>63,260</u>	<u>2,856</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	3,610		3,610	1,158	2,452
Total Undist. Expend. - Instructional Staff Training Serv.	<u>3,610</u>		<u>3,610</u>	<u>1,158</u>	<u>2,452</u>

Exhibit C-1

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	331,853		331,853	331,238	615
Legal Services	67,000	(10,346)	56,654	42,545	14,109
Audit Fees	92,000		92,000	46,618	45,382
Architectural/Engineering Services	120,000	(62,675)	57,325	22,508	34,817
Purchased Technical Services	23,500	(7,244)	16,256	16,256	
Communications/Telephone	18,000	25,090	43,090	27,268	15,822
Other Purch Services (400-500 Series)	97,617	19,651	117,268	111,692	5,576
General Supplies	29,682	800	30,482	29,328	1,154
Misc. Expenditures	27,960	(7,952)	20,008		20,008
BOE Membership Dues and Fees	9,600		9,600	9,188	412
Total Undist. Expend. - Supp. Serv. - General Administration	817,212	(42,676)	774,536	636,641	137,895
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	336,142	6,025	342,167	342,148	19
Salaries of Secretarial and Clerical Assistants	143,676	9,399	153,075	152,730	345
Total Undist. Expend. - Support Serv. - School Administration	479,818	15,424	495,242	494,878	364
Undist. Expend. - Support Serv. - Central Services					
Salaries	391,934	(299)	391,635	377,510	14,125
Supplies and Materials	22,955		22,955	18,644	4,311
Total Undist. Expend. - Support Serv. - Central Services	414,889	(299)	414,590	396,154	18,436
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	37,675		37,675	35,263	2,412
Other Purch Services (400-500 Series)	16,931		16,931	9,620	7,311
Total Undist. Expend. - Support Serv. - Administrative Information Technology	54,606		54,606	44,883	9,723
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	54,500	7,300	61,800	61,791	9
Cleaning, Repair and Maintenance Services	54,000	455	54,455	47,744	6,711
General Supplies	33,000	(455)	32,545	20,497	12,048
Undist. Expend. - Required Maint. for School Facilities	141,500	7,300	148,800	130,032	18,768
Undist. Expend. - Oth. Oper. & Maint. of Plant (262)					
Salaries	432,966	(12,322)	420,644	418,470	2,174
Purchased Prof. And Tech. Services	6,400	(867)	5,533	2,488	3,045
Cleaning, Repair and Maintenance Services	208,962	38,500	247,462	243,637	3,825
Rental of Land & Bldg. Oth. Than Lease Pur Agmt.	150,000		150,000	146,927	3,073
Other Purchased Property Services	12,000	367	12,367	12,367	
Insurance	147,400	(7,978)	139,422	112,909	26,513
Miscellaneous Purchased Services	3,000		3,000	2,758	242
General Supplies	63,348		63,348	53,323	10,025
Energy (Energy and Electricity)	190,000	(42,436)	147,564	146,100	1,464
Energy (Natural Gas)	85,000	(35,819)	49,181	49,181	
Total Undist. Expend. - Other Oper. & Maint. Of Plant	1,299,076	(60,555)	1,238,521	1,188,160	50,361
Undist. Expend. - Security					
Salaries	114,722	(19,144)	95,578	88,872	6,706
Other Objects	500		500		500
Total Undist. Expend. - Security	115,222	(19,144)	96,078	88,872	7,206
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Bet. Home & Sch.) - Regular	36,000	(24,200)	11,800		11,800
Salaries for Pupil Trans (Bet. Home & Sch.) - Sp Ed	59,930	28,000	87,930	86,620	1,310
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	9,200	(4,000)	5,200	3,906	1,294
Cleaning, Repair and Maintenance Services	7,000		7,000	5,495	1,505
Lease Purchase Payments - School Buses	9,900		9,900	9,839	61
Contract Services (Between Home & School)-Vendors	33,000	2,970	35,970	35,692	278
Contract Services (Sp. Ed. Students)-Vendors	55,000		55,000	44,160	10,840
Miscellaneous Purchased Services - Transportation	18,960	254	19,214	19,214	
General Supplies	24,200	(1,624)	22,576	21,645	931
Other Objects	6,700	(1,600)	5,100	400	4,700
Total Undist. Expend. - Student Transportation Services	259,890	(200)	259,690	226,971	32,719
UNALLOCATED BENEFITS					
Social Security Contributions	128,500	22,023	150,523	150,523	
T.P.A.F. Contributions - ERIP	82,188	(82,000)	188		188
Other Retirement Contributions-PERS	175,000	(19,456)	155,544	155,544	
Unemployment Compensation	32,000	(2,567)	29,433	29,080	353
Health Benefits	1,532,363	(118,707)	1,413,656	1,411,097	2,559
Other Employee Benefits	121,915		121,915	117,687	4,228
TOTAL UNALLOCATED BENEFITS	2,071,966	(200,707)	1,871,259	1,863,931	7,328

Exhibit C-1

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
On-behalf TPAF Post-Retirement Medical (non-budgeted)				465,366	(465,366)
On-behalf TPAF Pension and NCGI Premium (non-budgeted)				411,556	(411,556)
Reimbursed TPAF Social Security Contributions (non-budgeted)				467,522	(467,522)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,344,444</u>	<u>(1,344,444)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>2,071,966</u>	<u>(200,707)</u>	<u>1,871,259</u>	<u>3,208,375</u>	<u>(1,337,116)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>15,260,209</u>	<u>(341,457)</u>	<u>14,918,752</u>	<u>15,848,355</u>	<u>(929,603)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>20,578,876</u>		<u>20,578,876</u>	<u>21,288,669</u>	<u>(709,793)</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	<u>21,000</u>		<u>21,000</u>	<u>21,000</u>	
Total Summer School - Instruction	<u>21,000</u>		<u>21,000</u>	<u>21,000</u>	
Total Post Secondary Programs	<u>21,000</u>		<u>21,000</u>	<u>21,000</u>	
TOTAL SPECIAL SCHOOLS	<u>21,000</u>		<u>21,000</u>	<u>21,000</u>	
Transfer of Funds to Charter Schools	<u>14,293</u>		<u>14,293</u>	<u>12,164</u>	<u>2,129</u>
TOTAL EXPENDITURES	<u>20,614,169</u>		<u>20,614,169</u>	<u>21,321,833</u>	<u>(707,664)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,072,613)</u>	<u>75,313</u>	<u>(997,300)</u>	<u>(111,292)</u>	<u>886,008</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfers to Cover Deficit (Enterprise Fund)	<u>(10,990)</u>		<u>(10,990)</u>	<u>(5,311)</u>	<u>(5,679)</u>
Total Other Financing Sources/(Uses):	<u>(10,990)</u>		<u>(10,990)</u>	<u>(5,311)</u>	<u>(5,679)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,083,603)</u>	<u>75,313</u>	<u>(1,008,290)</u>	<u>(116,603)</u>	<u>891,687</u>
Fund Balance, July 1	<u>2,420,858</u>		<u>2,420,858</u>	<u>2,420,858</u>	
Fund Balance, June 30	<u>1,337,255</u>	<u>75,313</u>	<u>1,412,568</u>	<u>2,304,255</u>	<u>891,687</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	<u>(663,603)</u>		<u>(663,603)</u>	<u>(663,603)</u>	
Increase in Capital Reserve:					
Principal				<u>300,000</u>	<u>(300,000)</u>
Increase in Tuition Reserve				<u>125,000</u>	<u>(125,000)</u>
Additional State Aid					
Withdrawal from Tuition Reserve - for Tuition Adj.	<u>(320,000)</u>		<u>(320,000)</u>	<u>(320,000)</u>	
Budgeted Fund Balance	<u>(100,000)</u>	<u>75,313</u>	<u>(24,687)</u>	<u>442,000</u>	<u>1,316,687</u>
	<u>(1,083,603)</u>	<u>75,313</u>	<u>(1,008,290)</u>	<u>(116,603)</u>	<u>891,687</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				<u>184,306</u>	
Tuition Reserve - Designated for Subsequent Year's Budget				<u>200,000</u>	
Tuition Reserve				<u>125,000</u>	
Capital Reserve				<u>852,000</u>	
Assigned Fund Balance:					
Year-end Encumbrances				<u>176,631</u>	
Designated for Subsequent Year's Expenditures				<u>186,244</u>	
Unassigned Fund Balance				<u>580,074</u>	
Total Fund Balance per Governmental Funds (Budgetary)				<u>2,304,255</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>647,907</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,656,348</u>	

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		7,253	7,253	7,253	-
State Sources	279,873	(11,142)	268,731	259,279	9,452
Federal Sources	1,332,433	101,626	1,434,059	1,315,414	118,645
Total Revenues	1,612,306	97,737	1,710,043	1,581,946	128,097
EXPENDITURES:					
Instruction:					
Salaries of Teachers	581,149	131,214	712,363	679,157	33,206
Other Salaries for Instruction	32,194	7,130	39,324	39,324	-
Purchased Professional and Technical Services	148,730	(16,199)	132,531	123,785	8,746
Other Purchased Services (400-500 series)	162,068	(97,817)	64,251	59,773	4,478
General Supplies	15,875	50,169	66,044	55,024	11,020
Textbooks	12,855	302	13,157	13,153	4
Other Objects	7,000	3,895	10,895	4,221	6,674
Total instruction	959,871	78,694	1,038,565	974,437	64,128
Support services:					
Salaries of Supervisors of Instruction	6,000	-	6,000	6,000	-
Salaries of Program Directors	73,838	19,358	93,196	74,428	18,768
Salaries of Other Professional Staff	59,180	7,317	66,497	52,016	14,481
Salaries of Secretarial and Clerical Assistants	5,024	-	5,024	5,024	-
Other Salaries	41,510	13,785	55,295	40,200	15,095
Personal Services - Employee Benefits	144,228	30,501	174,729	168,951	5,778
Other Purchased Professional Services	290,353	(50,196)	240,157	232,993	7,164
Travel		-		-	-
Other Purchased Services (400-500 series)	5,100	(1,500)	3,600	1,204	2,396
Supplies & Materials	27,202	(12,331)	14,871	14,584	287
Total support services	652,435	6,934	659,369	595,400	63,969
Facilities acquisition and const. serv.:					
Buildings		7,253	7,253	7,253	-
Instructional Equipment		4,856	4,856	4,856	-
Total facilities acquisition and const. serv.	-	12,109	12,109	12,109	-
Total Expenditures	1,612,306	97,737	1,710,043	1,581,946	128,097
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

FAIRVIEW BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
Fiscal Year Ended June 30, 2013

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	21,210,541	1,581,946
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Current Year			(17,315)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		792,414	10,087
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		(647,907)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>21,355,048</u>	<u>1,574,718</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	21,321,833	1,581,946
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Current Year			(17,315)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>21,321,833</u>	<u>1,564,631</u>

SPECIAL REVENUE FUND

FAIRVIEW BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2013

	Total Brought Forward (Ex. E-1a)	NJSBIG Safety Grant	IDEA Part - B	IDEA Part - B Preschool	NCLB Title I	Title II, Part A Training & Recruiting	Totals 2013
REVENUES							
Local Sources	-	7,253					7,253
State Sources	259,279						259,279
Federal Sources	114,952		409,608	9,460	729,427	51,967	1,315,414
Total Revenues	374,231	7,253	409,608	9,460	729,427	51,967	1,581,946
EXPENDITURES:							
Instruction:							
Salaries of Teachers	120,509				516,683	41,965	679,157
Other Salaries for Instruction	17,210		22,114				39,324
Purchased Professional and Technical Services	123,785						123,785
Other Purchased Services (400-500 series)	-		14,105		45,668		59,773
General Supplies	8,778		8,212	547	37,487		55,024
Textbooks	13,153						13,153
Other Objects	-		4,221				4,221
Total Instruction	283,435	-	48,652	547	599,838	41,965	974,437
Support services:							
Salaries of Supervisors of Instruction	6,000						6,000
Salaries of Program Directors	26,000		48,428				74,428
Salaries of Other Professional Staff	-		52,016				52,016
Salaries of Secretarial and Clerical Assistants	5,024						5,024
Other Salaries	-		33,822	6,378			40,200
Personal Services - Employee Benefits	31,356		24,960	1,276	102,966	8,393	168,951
Other Purchased Professional Services	17,560		199,794	1,259	13,745	635	232,993
Other Purchased Services (400-500 series)	-				230	974	1,204
Supplies & Materials	-		1,936		12,648		14,584
Total support services	85,940	-	360,956	8,913	129,589	10,002	595,400
Facilities acquisition and const. serv.:							
Buildings	-	7,253					7,253
Instructional Equipment	4,856						4,856
Total facilities acquisition and const. serv.	4,856	7,253	-	-	-	-	12,109
Total Expenditures	374,231	7,253	409,608	9,460	729,427	51,967	1,581,946
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

FAIRVIEW BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2013

	Total Brought Forward (Ex. E-1b)	NCLB Title III	Special Education Achievement Award	Nonpublic Nursing	Nonpublic Technology	Chapter 194 Nonpublic Textbook	Total Carried Forward
REVENUES							
Local Sources	-	-	-	-	-	-	-
State Sources	223,710	39,952	75,000	17,560	4,856	13,153	259,279
Federal Sources	-	-	-	-	-	-	114,952
Total Revenues	223,710	39,952	75,000	17,560	4,856	13,153	374,231
EXPENDITURES:							
Instruction:							
Salaries of Teachers	41,000	33,293	46,216	-	-	-	120,509
Other Salaries for Instruction	10,000	-	7,210	-	-	-	17,210
Purchased Professional and Technical Services	123,785	-	-	-	-	-	123,785
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
General Supplies	4,000	-	4,778	-	-	-	8,778
Textbooks	-	-	-	-	-	13,153	13,153
Other Objects	-	-	-	-	-	-	-
Total Instruction	178,785	33,293	58,204	-	-	13,153	283,435
Support services:							
Salaries of Supervisors of Instruction	6,000	-	-	-	-	-	6,000
Salaries of Program Directors	26,000	-	-	-	-	-	26,000
Salaries of Other Professional Staff	-	-	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	5,024	-	-	-	-	-	5,024
Other Salaries	-	-	-	-	-	-	-
Personal Services - Employee Benefits	7,901	6,659	16,796	-	-	-	31,356
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Professional Services	-	-	-	17,560	-	-	17,560
Purchased Technical Services	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-
Contracted Services - Trans. (Between Home and School)	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total support services	44,925	6,659	16,796	17,560	-	-	85,940
Facilities acquisition and const. serv.:							
Buildings	-	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	4,856	-	4,856
Noninstructional Equipment	-	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	4,856	-	4,856
Total Expenditures	223,710	39,952	75,000	17,560	4,856	13,153	374,231
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

FAIRVIEW BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2013

	Chapter 192 Compensatory Education	Chapter 192 ESL	Chapter 193 Supplemental Instruction	Chapter 193 Exam & Classification	Chapter 193 Corrective Speech	Preschool Education Aid	Total Carried Forward
REVENUES							
Local Sources	86,610	5,712	7,909	10,195	13,359	99,925	223,710
State Sources							-
Federal Sources							-
Total Revenues	86,610	5,712	7,909	10,195	13,359	99,925	223,710
EXPENDITURES:							
Instruction:							
Salaries of Teachers						41,000	41,000
Other Salaries for Instruction						10,000	10,000
Purchased Professional and Technical Services	86,610	5,712	7,909	10,195	13,359		123,785
Other Purchased Services (400-500 series)						4,000	-
General Supplies							4,000
Textbooks							-
Other Objects							-
Total instruction	86,610	5,712	7,909	10,195	13,359	55,000	178,785
Support services:							
Salaries of Supervisors of Instruction						6,000	6,000
Salaries of Program Directors						26,000	26,000
Salaries of Other Professional Staff							-
Salaries of Secretarial and Clerical Assistants						5,024	5,024
Other Salaries						7,901	7,901
Personal Services - Employee Benefits							-
Purchased Professional - Educational Services							-
Other Purchased Professional Services							-
Purchased Technical Services							-
Rentals							-
Contracted Services - Trans. (Between Home and School)							-
Travel							-
Other Purchased Services (400-500 series)							-
Supplies & Materials							-
Other Objects							-
Total support services						44,925	44,925
Facilities acquisition and const. serv.:							
Buildings							-
Instructional Equipment							-
Noninstructional Equipment							-
Total facilities acquisition and const. serv.							
Total Expenditures	86,610	5,712	7,909	10,195	13,359	99,925	223,710
Excess (Deficiency) of Revenues Over (Under)							
Expenditures and Other Financing Sources (Uses)							

FAIRVIEW BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
Fiscal Year Ended June 30, 2013

	<u>District Wide Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	41,000	41,000	
Other salaries for instruction	10,000	10,000	
General supplies	4,000	4,000	
Total instruction	<u>55,000</u>	<u>55,000</u>	
Support services:			
Salaries of Supervisors of Instruction	6,000	6,000	
Salaries of Program Directors	26,000	26,000	
Salaries of Secr. and Clerical Assistants	5,024	5,024	
Personal Services - Employee Benefits	7,901	7,901	
Total support services	<u>44,925</u>	<u>44,925</u>	
Total expenditures	<u>99,925</u>	<u>99,925</u>	

Summary of Location Totals

Total revised 2012-13 Preschool Education Aid	99,925
Add: Actual Carryover (June 30, 2012)	
Add: Budgeted Transfer from the General Fund 2012-13	
Total Preschool Education Aid Funds Available for 2012-13 Budget	<u>99,925</u>
Less: 2011-12 Budgeted Preschool Education Aid	
prior year budgeted carryover)	<u>99,925</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013	
Add: June 30, 2014 Unexpended Preschool Education Aid	
2012-13 Carryover - Preschool Education Aid/Preschool	<u></u>
2012-13 Preschool Education Aid Carryover	
Budgeted for Preschool Programs 2013-14	<u></u>

PROPRIETARY FUNDS

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2013

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	30,848	30,848
Accounts receivable:		
State	895	895
Federal	27,530	27,530
Total current assets	<u>59,273</u>	<u>59,273</u>
Noncurrent assets:		
Capital assets:		
Equipment	63,070	63,070
Less accumulated depreciation	<u>(41,351)</u>	<u>(41,351)</u>
Total capital assets (net of accumulated depreciation)	<u>21,719</u>	<u>21,719</u>
Total assets	<u>80,992</u>	<u>80,992</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>26,903</u>	<u>26,903</u>
Total Liabilities	<u>26,903</u>	<u>26,903</u>
NET POSITION		
Net Investment in Capital Assets	21,719	21,719
Unrestricted	<u>32,370</u>	<u>32,370</u>
Total net position	<u>54,089</u>	<u>54,089</u>

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2013

	<u>Food Service Program</u>	<u>Totals</u>
Operating revenues:		
Charges for services:		
Daily sales	32,968	32,968
Total operating revenues	<u>32,968</u>	<u>32,968</u>
 Operating expenses:		
Cost of food	52,619	52,619
Depreciation	4,205	4,205
Purchased services	312,171	312,171
Total Operating Expenses	<u>368,995</u>	<u>368,995</u>
Operating income (loss)	<u>(336,027)</u>	<u>(336,027)</u>
 Nonoperating revenues (expenses):		
State sources:		
School lunch program	6,425	6,425
Federal sources:		
School lunch program	294,104	294,104
School breakfast program	32,486	32,486
Interest Income	15	15
Total nonoperating revenues (expenses)	<u>333,030</u>	<u>333,030</u>
Income (loss) before contributions & transfers	<u>(2,997)</u>	<u>(2,997)</u>
 Other financing sources/(uses):		
Transfer In	5,311	5,311
Change in net position	<u>2,314</u>	<u>2,314</u>
 Total net position—beginning (restated)	<u>51,775</u>	<u>51,775</u>
Total net position—ending	<u><u>54,089</u></u>	<u><u>54,089</u></u>

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2013

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	32,968	32,968
Payments to suppliers	(355,857)	(355,857)
Net cash provided by (used for) operating activities	(322,889)	(322,889)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	5,926	5,926
Federal Sources	319,716	319,716
Transfer In	5,311	
Net cash provided by (used for) non-capital financing activities	330,953	325,642
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	15	15
Net cash provided by (used for) investing activities	15	15
Net increase (decrease) in cash and cash equivalents	8,079	8,079
Balances—beginning of year	22,769	22,769
Balances—end of year	30,848	30,848
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(336,027)	(336,027)
Adjustments to reconcile operating income (loss) to net cash provided by		
Depreciation and net amortization	4,205	4,205
Increase (decrease) in accounts payable	8,933	8,933
Total adjustments	13,138	13,138
Net cash provided by (used for) operating activities	(322,889)	(322,889)

FIDUCIARY FUND

FAIRVIEW BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	243,786
Total assets	<u>243,786</u>
LIABILITIES	
Payable to student groups	22,879
Payroll deductions and withholdings	220,904
Region VI Fund	<u>3</u>
Total liabilities	<u><u>243,786</u></u>

FAIRVIEW BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Elementary Schools:				
Lincoln School	<u>62,626</u>	<u>126,765</u>	<u>166,512</u>	<u>22,879</u>
Total Elementary Schools	<u>62,626</u>	<u>126,765</u>	<u>166,512</u>	<u>22,879</u>
Total All Schools	<u><u>62,626</u></u>	<u><u>126,765</u></u>	<u><u>166,512</u></u>	<u><u>22,879</u></u>

FAIRVIEW BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Net Payroll	131,847	8,390,711	8,380,357	142,201
Payroll Deductions and Withholdings	21,786	4,795,545	4,738,628	78,703
	<u>153,633</u>	<u>13,186,256</u>	<u>13,118,985</u>	<u>220,904</u>

**FAIRVIEW BOARD OF EDUCATION
Region VI Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2013**

	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Region VI Fund	<u>2,574</u>	<u>2,571</u>	<u>3</u>
Total Region VI Fund	<u><u>2,574</u></u>	<u><u>2,571</u></u>	<u><u>3</u></u>

LONG-TERM DEBT

FAIRVIEW BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Pension Refunding Bonds	Oct. 1, 2003	800,000	10/1/2013	615,000	5.50%	420,000	60,000	360,000
			10/1/2014	610,000	5.75%			
			10/1/2015	595,000	5.75%			
			10/1/2016	585,000	5.75%			
			10/1/2017	580,000	5.75%			
						<u>\$ 420,000</u>	<u>60,000</u>	<u>360,000</u>

FAIRVIEW BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Capital Leases Payable
Fiscal Year Ended June 30, 2013

<u>Issue</u>	<u>Date of Lease</u>	<u>Amount of Lease</u>	<u>Principal Payment</u>		<u>Interest Rate</u>	<u>Issued</u>	<u>Retired</u>	Balance, June 30, 2013
			<u>Date</u>	<u>Amount</u>				
Apple I-Pads and Cart	Feb. 10, 2012	12,040	7/1/13	406	3.126%	\$ 9,314	4,790	4,524
			8/1/13	407	3.126%			
			9/1/13	408	3.126%			
			10/1/13	409	3.126%			
			11/1/13	410	3.126%			
			12/1/13	411	3.126%			
			1/1/14	412	3.126%			
			2/1/14	413	3.126%			
			3/1/14	415	3.126%			
			4/1/14	416	3.126%			
			5/1/14	417	3.126%			
2009-24 Passenger Bus	July 15, 2008	45,738				9,479	9,479	
						\$ 18,793	14,269	4,524

FAIRVIEW BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	273,133		273,133	273,133	
Total Local Sources	273,133	-	273,133	273,133	-
State Sources:					
Debt Service Aid Type II	46,770		46,770	46,770	-
Total - State Sources	46,770	-	46,770	46,770	-
Total Revenues	319,903	-	319,903	319,903	-
EXPENDITURES:					
Regular Debt Service:					
Interest - Intergovernmental Loans	15,505	(1)	15,504	15,504	-
Interest - Pension Refunding Bonds	22,188	6,684	22,188	22,188	-
Redemption of Principal - Intergovernmental Loans	222,210	-	222,210	222,209	(1)
Redemption of Principal - Pension Refunding Bonds	60,000	-	60,000	60,000	-
Total Regular Debt Service	319,903	6,683	319,902	319,901	(1)
Total expenditures	319,903	6,683	319,902	319,901	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(6,683)	1	2	1
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	(6,683)	1	2	1
Fund Balance, July 1	3	-	3	3	-
Fund Balance, June 30	3	(6,683)	4	5	1
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance			1	2	1
Total	-	-	1	2	1

FAIRVIEW BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Loans Payable
Fiscal Year Ended June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2012	Retired	Balance, June 30, 2013
			Date	Amount				
Safe Loan (050-93)	Aug. 18, 1993	275,091	7/15/2013	14,479	1.500%	28,957	14,478	14,479
Small Project (050-93)	Aug. 18, 1993	825,275	7/15/2013	61,141	5.288%	119,670	58,529	61,141
Safe Loan (051-93)	Aug. 18, 1993	577,258	7/15/2013	30,382	1.500%	60,764	30,382	30,382
Small Project (051-93)	Aug. 18, 1993	1,731,774	7/15/2013	124,298	5.288%	243,118	118,820	124,298
						\$ 452,509	222,209	230,300

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
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- J-6 Assessed Value and Estimated Actual Value of Taxable Property
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- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Fairview Board of Education
Net Assets/Position* by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	Restated 2012	2013
Governmental activities										
Net investment in capital assets	\$ 4,471,240	\$ 4,264,059	\$ 4,129,379	\$ 4,049,055	\$ 3,942,345	\$ 3,968,393	\$ 3,910,325	\$ 3,979,449	\$ 4,162,814	\$ 3,629,574
Restricted	601,000	600,998	750,002	650,002	670,002	420,001	520,001	520,003	1,072,003	1,547,555
Unrestricted	(595,818)	(704,240)	(732,944)	(895,136)	(1,058,814)	(1,531,910)	(1,741,474)	(1,333,196)	(740,638)	(416,505)
Total governmental activities net assets/position	\$ 4,476,422	\$ 4,160,817	\$ 4,146,437	\$ 3,803,921	\$ 3,553,533	\$ 2,856,484	\$ 2,688,852	\$ 3,166,256	\$ 4,494,179	\$ 4,760,624
Business-type activities										
Net investment in capital assets	\$ 3,968	\$ 3,528	\$ 3,087	\$ 2,646	\$ 2,205	\$ 1,764	\$ 5,699	\$ 4,869	\$ 4,039	\$ 21,719
Restricted	49,090	47,186	43,449	40,229	38,860	13,974	4,828	11,809	25,851	32,370
Unrestricted	\$ 53,058	\$ 50,714	\$ 46,536	\$ 42,875	\$ 41,065	\$ 15,738	\$ 10,527	\$ 16,678	\$ 29,890	\$ 54,089
Total business-type activities net assets/position										
District-wide										
Net investment in capital assets	\$ 4,475,208	\$ 4,267,587	\$ 4,132,466	\$ 4,051,701	\$ 3,944,550	\$ 3,970,157	\$ 3,916,024	\$ 3,984,318	\$ 4,166,853	\$ 3,651,293
Restricted	601,000	600,998	750,002	650,002	670,002	420,001	520,001	520,003	1,072,003	1,547,555
Unrestricted	(546,728)	(657,054)	(689,495)	(854,907)	(1,019,954)	(1,517,936)	(1,736,646)	(1,321,387)	(714,787)	(384,135)
Total district net assets/position	\$ 4,529,480	\$ 4,211,531	\$ 4,192,973	\$ 3,846,796	\$ 3,594,598	\$ 2,872,222	\$ 2,699,379	\$ 3,182,934	\$ 4,524,069	\$ 4,814,713

Source: CAFR Schedule A-1

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

Fairview Board of Education
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,492,811	\$ 8,512,205	\$ 8,950,662	\$ 9,719,972	\$ 9,626,439	\$ 10,738,221	\$ 10,743,019	\$ 10,761,698	\$ 3,782,768	\$ 4,420,441
Special education	3,169,385	3,246,438	2,864,393	3,511,497	3,746,516	3,542,767	4,011,801	4,016,907	2,236,828	2,304,755
Other special education	850,155	1,170,237	838,432	909,259	842,326	1,090,300	916,763	961,057	814,909	823,416
Other instruction	39,610	48,241	40,651	41,988	49,326	50,781	49,329	47,425	41,813	41,975
Support Services:										
Tuition	1,230,574	1,207,567	1,501,495	1,367,511	1,664,902	1,654,223	1,956,145	1,899,435	7,731,156	8,369,482
Student & instruction related services	711,589	702,207	698,363	712,091	650,565	827,734	725,122	511,182	1,800,445	1,873,252
General administrative services	426,974	448,764	392,164	443,054	353,492	639,492	698,908	692,238	710,932	720,155
School administrative services	489,316	391,343	456,995	476,990	444,852	560,421	597,415	554,815	558,411	619,650
Central Administration									520,651	545,108
Business administrative services										
Plant operations and maintenance	1,551,369	1,596,267	1,728,644	1,908,092	1,987,125	2,003,792	1,908,765	1,563,608	1,241,884	1,545,544
Pupil transportation	290,577	288,319	319,329	305,124	348,583	262,222	233,296	234,660	186,349	218,119
Unallocated Benefits									1,061,662	1,008,799
Special Schools									21,000	21,000
Charter Schools									11,981	12,164
Interest on long-term debt	110,216	130,626	121,146	111,035	100,419	88,595	73,251	61,444	46,099	27,540
Unallocated depreciation									366,131	412,071
Amortization & Capital Lease Obligations									2,000	2,333
Capital Outlay - nondepreciable										12,109
Total governmental activities expenses	16,362,576	17,742,214	17,912,274	19,506,613	19,814,545	21,438,548	21,913,814	21,304,469	21,135,019	22,977,913
Business-type activities:										
Food service	156,282	199,684	213,851	235,645	265,350	304,344	348,674	353,781	365,909	368,995
Academy School										
Total business-type activities expense	156,282	199,684	213,851	235,645	265,350	304,344	348,674	353,781	365,909	368,995
Total district expenses	\$ 16,518,858	\$ 17,941,898	\$ 18,126,125	\$ 19,742,258	\$ 20,079,895	\$ 21,762,892	\$ 22,262,488	\$ 21,658,250	\$ 21,500,928	\$ 23,346,908
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	3,532,721	3,767,274	3,760,187	4,244,906	4,257,549	3,567,200	5,293,020	4,031,694	1,584,694	1,555,356
Total governmental activities program revenues	3,532,721	3,767,274	3,760,187	4,244,906	4,257,549	3,567,200	5,317,320	4,042,814	1,584,694	1,555,356

Fairview Board of Education
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Food service	41,037	42,223	39,309	35,696	30,020	30,389	29,370	41,095	42,373	32,968
Operating grants and contributions	121,022	150,909	168,672	191,820	231,878	245,642	302,184	311,107	334,173	333,015
Capital grants and contributions							4,667			
Total business type activities program revenues	162,059	193,132	207,981	227,516	261,898	276,031	336,221	352,202	376,546	365,983
Total district program revenues	\$ 3,694,780	\$ 3,960,406	\$ 3,968,168	\$ 4,472,422	\$ 4,519,447	\$ 3,843,231	\$ 5,653,541	\$ 4,395,016	\$ 1,961,240	\$ 1,921,339
Net (Expense)/Revenue										
Governmental activities	\$ (12,829,855)	\$ (13,974,940)	\$ (14,152,087)	\$ (15,261,707)	\$ (15,556,996)	\$ (17,891,348)	\$ (16,596,494)	\$ (17,261,655)	\$ (19,550,325)	\$ (21,422,557)
Business-type activities	5,777	(6,552)	(5,870)	(8,129)	(3,452)	(28,313.00)	(12,453.00)	(1,579.00)	10,637.00	(3,012)
Total district-wide net expense	\$ (12,824,078)	\$ (13,981,492)	\$ (14,157,957)	\$ (15,269,836)	\$ (15,560,448)	\$ (17,919,661)	\$ (16,608,947)	\$ (17,263,234)	\$ (19,539,688)	\$ (21,425,569)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,816,051	\$ 9,914,732	\$ 10,312,313	\$ 11,056,569	\$ 11,256,133	\$ 11,529,956	\$ 11,426,385	\$ 12,012,159	\$ 12,333,147	\$ 12,579,810
Taxes levied for debt service	199,268	176,528	298,641	276,896	272,836	273,661	269,118	277,887	273,016	273,133
Unrestricted grants and contributions	3,086,155	3,424,090	3,304,111	3,312,408	3,655,372	5,234,805	4,637,819	5,376,912	7,966,089	8,744,802
Tuition Received										
Investment earnings	6,392	61,997	119,155	140,980	65,157	15,696	9,434	6,719	6,161	5,602
Miscellaneous income	15,384	5,236	76,037	77,608	1,109	86,028	36,770	25,469	15,215	32,087
State Aid- Restricted for Debt Service	59,716	100,644	34,775	58,155	57,643	57,139	56,578	47,643	47,191	46,770
Loss on Sale of Capital Asset	(929)	(3,582)	(7,325)	(3,424)	(1,642)	(2,986)	(7,242)	(7,730)	(2,575)	(5,311)
Transfers									28,556	12,109
Federal and State Aid - Capital outlay									20,666,800	21,689,002
Total governmental activities	13,182,037	13,679,645	14,137,707	14,919,192	15,306,608	17,194,299	16,428,862	17,739,059		
Business-type activities:										
Investment earnings	81	626	1,692	1,044	1,642	2,986	7,242	7,730	2,575	15
Transfers	929	3,582		3,424	1,642	2,986	7,242	7,730	2,575	5,311
Total business-type activities	1,010	4,208	1,692	4,468	1,642	2,986	7,242	7,730	2,575	5,326
Total district-wide	\$ 13,183,047	\$ 13,683,853	\$ 14,139,399	\$ 14,923,660	\$ 15,308,250	\$ 17,197,285	\$ 16,436,104	\$ 17,746,789	\$ 20,669,375	\$ 21,694,328
Change in Net Assets/Position										
Governmental activities	\$ 352,182	\$ (295,295)	\$ (14,380)	\$ (342,515)	\$ (250,388)	\$ (697,049)	\$ (167,632)	\$ 477,404	\$ 1,116,475	\$ 266,445
Business-type activities	6,787	(2,344)	(4,178)	(3,661)	(1,810)	(25,327)	(5,211)	6,151	13,212	2,314
Total district	\$ 358,969	\$ (297,639)	\$ (18,558)	\$ (346,176)	\$ (252,198)	\$ (722,376)	\$ (172,843)	\$ 483,555	\$ 1,129,687	\$ 268,759

Source: CAFR Schedule A-2

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

Fairview Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 927,454	\$ 1,081,446	\$ 1,247,370	\$ 987,928	\$ 989,867	\$ 688,754	\$ 576,800			
Unreserved	365,861	392,736	372,481	329,653	192,460	(309,537)	(290,936)			
Restricted								520,000	1,072,000	1,361,306
Committed								102,552	189,374	
Assigned								278,258	574,229	362,875
Unassigned								(356,340)	(207,159)	(67,833)
Total general fund	<u>\$ 1,293,315</u>	<u>\$ 1,474,182</u>	<u>\$ 1,619,851</u>	<u>\$ 1,317,581</u>	<u>\$ 1,182,327</u>	<u>\$ 379,217</u>	<u>\$ 285,864</u>	<u>\$ 544,470</u>	<u>\$ 1,628,444</u>	<u>\$ 1,656,348</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	1,000	998	2	(11,346)	(41,166)	(9,489)	(10,087)			
Assigned, reported in:										
Debt service fund										5
Total all other governmental funds	<u>\$ 1,000</u>	<u>\$ 998</u>	<u>\$ 2</u>	<u>\$ (11,346)</u>	<u>\$ (41,166)</u>	<u>\$ (9,489)</u>	<u>\$ (10,087)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>

Source: CAFR Schedule B-1

Fairview Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 10,015,319	\$ 10,091,260	\$ 10,610,954	\$ 11,333,465	\$ 11,528,969	\$ 11,803,617	\$ 11,695,503	\$ 12,290,046	\$ 12,606,163	\$ 12,852,943
Tuition	6,392	61,997	119,155	140,980	65,157	15,696	9,434	6,719	6,161	5,602
Interest earnings	15,384	5,236	78,537	77,608	1,109	86,028	67,162	36,589	33,528	32,087
Miscellaneous	5,820,488	6,335,422	6,092,626	6,547,396	7,109,565	7,552,543	7,231,564	7,528,188	8,029,646	9,020,976
State sources	858,104	956,586	1,003,947	1,068,073	860,999	1,306,601	2,749,761	1,928,061	1,578,371	1,338,061
Federal sources										
Total revenue	16,715,687	17,450,501	17,905,219	19,167,522	19,565,799	20,764,485	21,753,424	21,789,603	22,254,069	23,249,669
Expenditures										
Instruction										
Regular Instruction	7,480,004	8,293,203	8,883,682	9,729,417	9,604,049	10,732,988	10,713,900	10,805,710	3,094,277	3,670,685
Special education instruction	3,167,579	3,208,869	2,850,582	3,514,955	3,739,742	3,542,211	4,003,314	4,021,590	1,978,014	2,035,331
Other special instruction	849,166	1,130,037	831,926	912,079	837,992	1,089,761	910,491	973,109	651,286	638,033
Other instruction	39,559	47,200	40,399	42,093	49,090	50,759	49,003	47,425	33,687	34,064
Support Services:										
Instruction	1,228,059	1,173,017	1,492,459	1,368,940	1,659,846	1,653,736	1,948,400	1,912,209	7,731,156	8,369,482
Attendance and social work services									130,881	142,313
Health Services									223,789	218,213
Student & instruction related services									1,251,592	1,298,104
General administrative services	707,219	684,455	691,738	709,610	646,473	825,419	695,092	697,113	629,989	636,641
School Administrative services	421,303	424,222	381,048	436,564	339,821	628,070	710,798	509,861	446,274	494,878
Business and other support services										
Central administrative services	418,439	375,316	453,121	478,608	442,361	560,144	593,357	561,680	421,074	441,037
Plant operations and maintenance	1,272,307	1,267,286	1,427,339	1,595,277	1,698,325	1,714,479	1,595,386	1,289,053	1,135,263	1,402,051
Pupil transportation	272,049	263,955	291,373	275,835	314,940	223,467	204,559	209,905	186,070	217,134
Allocated employee benefits										
Unallocated employee benefits									1,712,794	1,863,931
TPAF Pension / Social Security									1,072,598	1,344,444
Summer School Instruction									21,000	21,000
Charter Schools									11,981	12,164
Capital outlay	334,147		103,874	51,126	54,214	150,316	65,825	145,216	104,881	12,109
Debt service:										
Principal										
Interest and other charges	261,987	266,337	275,520	293,022	285,760	315,500	272,731	285,091	290,893	296,478
Total expenditures	121,502	132,157	122,005	113,521	102,176	91,820	77,276	65,303	52,061	38,273
Excess (Deficiency) of revenues over (under) expenditures	16,573,320	17,266,054	17,851,066	19,521,047	19,774,789	21,578,670	21,840,132	21,523,265	21,179,560	23,206,365
	142,367	184,447	54,153	(353,525)	(208,990)	(814,185)	(86,708)	266,338	1,074,509	43,304

Fairview Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)										
Capital leases (non-budgeted)			90,250	43,332	45,558	45,738			12,040	
Proceeds of refunding debt	800,000									
Refunding of Unfunded Pension Liabilities	(770,000)									
Refunding of Unfunded Pension Liabilities - Cost of Issuance	(30,000)									
Transfers in	22,339									
Transfers out	(23,268)	(3,582)		(3,424)	(1,642)	(2,986)	(7,242)	(7,730)	(2,575)	(5,311)
Total other financing sources (uses)	(929)	(3,582)	90,250	39,908	43,916	42,752	(7,242)	(7,730)	9,465	(5,311)
Net change in fund balances	\$ 141,438	\$ 180,865	\$ 144,403	\$ (313,617)	\$ (165,074)	\$ (771,433)	\$ (93,950)	\$ 258,608	\$ 1,083,974	\$ 37,993
Debt service as a percentage of noncapital expenditures	2.4%	2.3%	2.2%	2.1%	2.0%	1.9%	1.6%	1.6%	1.6%	1.4%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.

Source: CAFR Schedule B-2 and C-2

Exhibit J-5

Fairview Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Reimb./ Refunds	E-Rate	Transportation Fees	Cancellations	Misc.	Total
2004	6,392					15,384	21,776
2005	61,997					5,236	67,233
2006	119,155				59,755	16,282	195,192
2007	140,980				54,514	23,094	218,588
2008	65,157				318	791	66,266
2009	15,696		20,529		7,227	58,272	101,724
2010	9,434	16,334	19,856	24,300		6,942	76,866
2011	6,719	5,516	19,450	11,120		503	43,308
2012	6,161	15,215					21,376
2013	5,602	1,346	19,756			3,732	30,436

Source: District Records

Fairview Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2003	\$ 5,821,400	\$ 369,718,700			\$ 115,553,200	\$ 48,373,500	\$ 67,535,800	\$ 606,802,600	\$ -	\$ 548,109	\$ 607,350,709	1.610	\$ 725,557,637	83.71%
2004	\$ 6,419,800	\$ 374,288,700			\$ 113,777,500	\$ 47,251,500	\$ 67,432,700	\$ 609,170,200	\$ -	\$ 446,095	\$ 609,616,295	1.650	\$ 843,595,395	72.26%
2005	\$ 7,040,600	\$ 376,778,600			\$ 113,726,000	\$ 46,166,300	\$ 67,939,700	\$ 611,651,200	\$ -	\$ 454,273	\$ 612,105,473	1.690	\$ 970,227,440	63.09%
2006	\$ 7,870,000	\$ 382,556,300			\$ 111,963,200	\$ 46,232,700	\$ 67,644,000	\$ 616,266,200	\$ -	\$ 384,752	\$ 616,650,952	1.780	\$ 1,108,539,690	55.63%
2007	\$ 6,899,600	\$ 388,905,900			\$ 111,008,700	\$ 45,829,800	\$ 66,930,500	\$ 619,574,500	\$ -	\$ 348,389	\$ 619,922,889	1.840	\$ 1,266,224,921	48.96%
2008	\$ 6,654,300	\$ 393,768,000			\$ 109,705,800	\$ 45,055,600	\$ 66,781,400	\$ 621,965,100	\$ -	\$ 349,378	\$ 622,314,478	1.875	\$ 1,318,965,021	47.18%
2009	\$ 5,940,900	\$ 396,883,300			\$ 106,924,200	\$ 44,976,400	\$ 67,409,000	\$ 622,133,800	\$ -	\$ 283,211	\$ 622,417,011	1.891	\$ 1,579,989,302	39.39%
2010	\$ 6,373,400	\$ 398,459,400			\$ 105,728,800	\$ 45,218,600	\$ 67,028,400	\$ 622,808,600	\$ -	\$ 304,346	\$ 623,112,946	1.925	\$ 1,317,581,419	47.29%
2011	\$ 11,002,500	\$ 634,853,000			\$ 200,425,300	\$ 82,911,900	\$ 126,722,100	\$ 1,055,914,800	\$ -	\$ 1,296,913	\$ 1,057,211,713	1.177	\$ 1,198,088,239	88.24%
2012	\$ 11,002,500	\$ 634,545,200			\$ 195,548,000	\$ 80,515,400	\$ 124,204,300	\$ 1,045,815,400	\$ -	\$ 1,197,875	\$ 1,047,013,275	1.216	\$ 1,155,691,027	90.60%

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies^b Tax rates are per \$100

Exhibit J-7

Fairview Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended Dec. 31,	Fairview Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General			Borough of Fairview	Bergen County	
	Basic Rate ^a	Obligation	Total Direct			
		Debt Service ^b				
2003	1.610		1.610	1.280	0.250	3.140
2004	1.650		1.650	1.360	0.280	3.290
2005	1.690		1.690	1.430	0.310	3.430
2006	1.780		1.780	1.530	0.330	3.640
2007	1.843		1.843	1.600	0.360	3.803
2008	1.875		1.875	1.689	0.392	3.956
2009	1.891		1.891	1.773	0.486	4.150
2010	1.925		1.925	1.857	0.458	4.240
2011	1.150	0.263	1.413	1.158	0.232	2.803
2012	1.100	0.026	1.126	1.229	0.239	2.594

Source: District Records and Municipal Tax Collector

- Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy .
The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows:
the prebudget year net budget increased by the cost of living or 2.5 percent, which ever is greater, plus any pending growth adjustments.
- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

**Fairview Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago**

	2013				2004			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Fairview Associates 94, L.P.	\$ 17,800,500	1	1.70%		\$ 7,500,000	2	1.23%	
Fairview Industrial Park Inc	\$ 16,976,200	2	1.62%		\$ 15,052,400	1	2.47%	
HLF Passaic 2005 LLC	\$ 11,805,500	3	1.13%					
Ronald Realty Co LLC	\$ 11,643,800	4	1.11%		\$ 6,520,000	5		
Bonanno Real Estate Group I	\$ 10,603,100	5	1.01%		\$ 6,640,200	4	1.09%	
Fairview Bergen Property LLC	\$ 10,324,600	6	0.99%				0.00%	
Vail Development, LLC	\$ 6,937,900	7	0.66%		\$ 3,619,200	6	0.59%	
New Age Ventures, Inc	\$ 6,491,700	8	0.62%		\$ 3,398,700	9		
Waste Management of NJ	\$ 6,385,600	9	0.61%				0.00%	
Bonanno Real Estate Group II	\$ 4,846,200	10	0.46%		\$ 3,587,300	7	0.59%	
BFI Transfer Systems of NJ					\$ 3,255,600	10	0.53%	
Koustas Realty Corp.					\$ 3,487,200	8	0.57%	
Passaic 85 Associates					\$ 6,941,000	3	1.14%	
Total	<u>\$ 103,815,100</u>		<u>9.92%</u>		<u>\$ 60,001,600</u>		<u>8.22%</u>	

Net Assessed Valuation: \$ 1,047,013,275 \$ 609,616,295

Source: Municipal Tax Assessor.

Exhibit J-9

Fairview Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$9,570,839	\$957,839	10.01%	\$ -
2004	\$10,015,319	\$10,015,319	100.00%	\$ -
2005	\$10,091,260	\$10,091,260	100.00%	\$ -
2006	\$10,610,954	\$10,610,954	100.00%	\$ -
2007	\$11,333,465	\$11,333,465	100.00%	\$ -
2008	\$11,528,969	\$11,528,969	100.00%	\$ -
2009	\$11,803,617	\$11,803,617	100.00%	\$ -
2010	\$11,695,503	\$11,695,503	100.00%	\$ -
2011	\$12,290,046	\$11,765,876	95.74%	\$ 524,170
2012	\$12,606,163	\$11,555,649	91.67%	\$ 1,050,514
2013	\$12,852,943	\$11,781,864	91.67%	\$ 1,071,079

Source: Municipal Tax Collector

Fairview Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds/Loans ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	2,787,034	-	151,935	-	-	2,938,969	1.74%	\$ 51,132
2005	2,575,713	-	96,918	-	-	2,672,631	2.04%	\$ 54,462
2006	2,359,244	-	171,719	-	-	2,530,963	2.24%	\$ 56,706
2007	2,132,122	-	105,819	-	-	2,237,941	2.80%	\$ 62,714
2008	1,899,124	-	98,615	-	-	1,997,739	3.37%	\$ 67,394
2009	1,654,902	-	73,075	-	-	1,727,977	3.95%	\$ 68,227
2010	1,404,361	-	50,885	-	-	1,455,246	4.34%	\$ 63,198
2011	1,142,014	-	28,141	-	-	1,170,155	5.60%	\$ 65,486
2012	872,509	-	18,793	-	-	891,302	7.42%	\$ 66,096
2013	590,300	-	4,524	-	-	594,824	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Fairview Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds/Loans	Net General Bonded Debt Outstanding		
2004	\$ 2,787,034	1,987,034	0.33%	\$ 39
2005	\$ 2,575,713	1,815,713	0.30%	\$ 33
2006	\$ 2,359,244	1,639,244	0.27%	\$ 29
2007	\$ 2,132,122	1,457,122	0.24%	\$ 23
2008	\$ 1,899,124	1,269,124	0.20%	\$ 19
2009	\$ 1,654,902	1,074,902	0.17%	\$ 16
2010	\$ 1,404,361	874,361	0.14%	\$ 14
2011	\$ 1,142,014	667,014	0.11%	\$ 10
2012	\$ 872,509	452,509	0.07%	\$ 7
2013	\$ 590,300	230,300	0.02%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-14.

Fairview Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2013			\$ 590,300
Net overlapping debt of School District:			
Borough of Fairview	100.000%	\$ 19,172,282	
County of Bergen - City's Share	0.685%	\$ 5,388,439	
Bergen County Utility Authority-City's Share	2.212%	\$ 6,169,229	
Subtotal, overlapping debt			<u>\$ 30,729,950</u>
Total direct and overlapping debt			<u><u>\$ 31,320,250</u></u>

Sources: Borough of Fairview Administrator / Bergen County Treasurer's Office

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Fairview. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Equalized valuation basis

[illegible]

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**Fairview Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2003	13,291	\$ 679,595,412	51,132		8.50%
2004	13,377	\$ 728,538,174	54,462		7.00%
2005	13,345	\$ 756,741,570	56,706		6.60%
2006	13,344	\$ 836,855,616	62,714		7.20%
2007	13,400	\$ 903,079,600	67,394		6.50%
2008	13,483	\$ 919,904,641	68,227		8.30%
2009	13,590	\$ 858,860,820	63,198		14.50%
2010	13,851	\$ 907,046,586	65,486		14.80%
2011	13,925	\$ 920,386,800	66,096		14.60%
2012	14,217	Not Available	Not Available	Not Available	

Source:^a Population information provided by the NJ Dept of Labor and Workforce Development^b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

Fairview Board of Education
Principal Employers
Current Year and Ten Years Ago **

Employer	2012		2003	
	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)
	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED
TO RELEASE INFORMATION NEED TO COMPLETE THIS SCHEDULE DUE TO
PRIVACY CONCERNS

Source: Borough of Fairview

** Data was only provided for years noted

Fairview Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	59	61	62	64	64	64	61	60	60	60
Special education	22	21	21	21	20	22	22	21	21	23
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	13	13	13	13	13	13	13	13	13	13
General administrative services	4	4	4	4	4	5	5	5	5	5
School administrative services	6	6	6	6	6	6	6	6	6	6
Business administrative services	5	5	5	5	5	5	5	4	4	5
Plant operations and maintenance	10	10	10	10	10	9	9	6	6	8
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Total	<u>119</u>	<u>120</u>	<u>121</u>	<u>123</u>	<u>122</u>	<u>124</u>	<u>121</u>	<u>115</u>	<u>115</u>	<u>120</u>

Source: District Personnel Records

Fairview Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2004	1,039	15,961,616	15,362	3.74%	89	1:12		1,039	983	-1.98%	94.61%
2005	1,010	16,927,195	16,760	9.09%	92	1:11		1,010	961	-2.79%	95.15%
2006	1,013	17,412,780	17,189	2.56%	86	1:12		1,013	936	0.30%	92.40%
2007	1,005	19,063,378	18,969	10.35%	89	1:11		1,005	942	-0.50%	93.73%
2008	1,051	19,332,639	18,395	-3.03%	88	1:12		1,051	986	3.75%	93.82%
2009	1,043	21,021,034	20,154	9.57%	86	1:12		1,043	981	-0.76%	94.06%
2010	1,115	21,424,300	19,215	-4.66%	83	1:13		1,115	1,062	6.90%	95.25%
2011	1,148	21,027,655	18,317	-4.67%	81	1:14		1,139	1,083	2.15%	95.08%
2012	1,196	20,731,725	17,334	-5.36%	81	1:15		1,183	1,125	3.86%	95.10%
2013	1,205	22,859,505	18,971	9.44%	83	1:15		1,205	1,143	1.86%	94.85%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count for all students attending school facilities

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Fairview Board of Education
School Building Information
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Buildings</u>										
<u>Elementary</u>										
Lincoln School										
Square Feet	53,472	53,472	53,472	53,472	53,472	53,472	53,472	53,472	53,472	53,472
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	505	504	518	562	577	573	573
Lincoln School Annex										
Square Feet	14,810	14,810	14,810	14,810	14,810	14,810	14,810	14,810	14,810	14,810
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	200	195	186	206	227	209	206
Number 3 School										
Square Feet	23,372	23,372	23,372	23,372	23,372	23,372	23,372	23,372	23,372	23,372
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	350	340	339	356	344	435	426

Number of Schools at June 30, 2013

Elementary = 2

Middle School = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Fairview Board of Education
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Lincoln School	N/A	105,337	103,126	106,095	82,143	100,306	147,154	123,984	131,582	81,458	69,973
Annex	N/A	6,593	19,487	12,655	17,117	26,098	9,123	8,866	12,409	33,432	17,679
School No. 3	N/A	18,102	18,139	17,991	19,548	21,396	34,601	25,198	22,149	39,957	24,719
Total School Facilities		130,032	140,752	136,651	118,808	147,800	190,878	158,048	166,140	154,847	112,371
Other Facilities											
Grand Total		\$ 130,032	\$ 140,752	\$ 136,651	\$ 118,808	\$ 147,800	\$ 190,878	\$ 158,048	\$ 166,140	\$ 154,847	\$ 112,371

**Fairview Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
	School package policy -		
	Property - Blanket Building and Contents	\$ 21,074,301	\$ 5,000
	Comprehensive General Liability	16,000,000	
	Comprehensive Automobile Liability	16,000,000	
	Comprehensive Crime Coverage	25,000	500
	Computers and schedule equipment -		
	Data Processing Equipment	125,000	1,000
	Boiler and machinery -		
	Umbrella policy	100,000,000	5,000
	School Board legal liability -		
	Directors and officers policy	6,000,000	5,000
	Public Employees' Faithful Performance Blanket		
	Position Bond - Treasurer	290,000	500
	Position Bond - Board Secretary	25,000	1,000
	Pollution - Environmental Package	1,000,000	10,000

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Fairview Board of Education, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Fairview Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fairview Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fairview Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Fairview Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Fairview Board of Education in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 28, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 28, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Fairview Board of Education, in the County of Bergen, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fairview Board of Education's major federal and state programs for the year ended June 30, 2013. The Fairview Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fairview Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Fairview Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Fairview Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Fairview Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Fairview Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fairview Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fairview Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the Fairview Board of Education as of and for the year ended June 30, 2013, and have issued our report there dated October 28, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



Steven D. Wielkottz, C.P.A.
Licensed Public School Accountant
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Certified Public Accountants
Pompton Lakes, New Jersey

October 28, 2013

**FAIRVIEW
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2013			MEMO
										(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund:													
National School Lunch Program	10.555	7/1/12-6/30/13	\$ 294,104			269,136	294,104			(24,968)			* 294,104
National School Lunch Program	10.555	7/1/11-6/30/12	292,817	(18,680)		18,680							* 292,817
National Breakfast Program	10.553	7/1/12-6/30/13	32,486			29,924	32,486			(2,562)			* 32,486
National Breakfast Program	10.553	7/1/11-6/30/12	35,133	(1,976)		1,976							* 35,133
Total U.S. Department of Agriculture				(20,656)		319,716	326,590			(27,530)			* 654,540
U.S. Department of Education General Fund:													
Medical Assistance Program (SEMD)	93.778	7/1/11-6/30/12	38,391			38,391	38,391						* 38,391
Total General Fund						38,391	38,391						* 38,391
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund:													
Title I Part A, Improving Basic Programs	84.010	9/1/12-8/31/13	767,348		(156,915)	732,547	729,427			(153,795)			* 732,547
Title I Part A, Improving Basic Programs	84.010	9/1/11-8/31/12	785,339	(156,915)	156,915								* 763,082
						732,547	729,427			(153,795)			* 1,495,629
I.D.E.A. Part B	84.027	9/1/12-8/31/13	397,032		(70,622)	397,334	409,608			(82,896)			* 409,608
I.D.E.A. Part B	84.027	9/1/11-8/31/12	412,062	(70,622)	70,622								* 341,150
I.D.E.A. Part B Preschool	84.173	9/1/12-8/31/13	9,442		(2,651)	9,535	9,460			(2,576)			* 9,460
I.D.E.A. Part B Preschool	84.173	9/1/11-8/31/12	9,653	(2,651)	2,651								* 9,635
				(73,273)		406,869	419,068			(85,472)			* 769,853
Title II Part A	84.367A	9/1/12-8/31/13	52,098		(12,747)	58,337	51,967			(6,357)			* 51,967
Title II Part A	84.367A	9/1/11-8/31/12	64,602	(12,747)	12,747								* 64,602
						58,337	51,967			(6,357)			* 116,569
Title III	84.365A	9/1/12-8/31/13	39,952		(10,314)	46,695	39,952			(3,571)			* 39,952
Title III	84.365A	9/1/11-8/31/12	43,680	(10,314)	10,314								* 43,680
Title III, Immigrant	84.365A	9/1/11-8/31/12	17,097	(22,632)		12,318							* 17,097
						59,013	39,952			(3,571)			* 100,729
Special Education Achievement Award	84.027A	9/1/11-8/31/12	75,000			57,139	75,000			(17,861)			* 75,000
				(265,567)		57,139	75,000			(17,861)			* 75,000
						1,313,925	1,315,414			(267,056)			* 2,557,780
Total Special Revenue Fund				(286,223)		1,672,032	1,680,395			(294,586)			* 3,250,711
Total Federal Financial Assistance													

See accompanying notes to schedules of expenditures of federal and state awards.

**FAIRVIEW
BOARD OF EDUCATION**

Schedule of Expenditures of State Awards and Other Local Awards

Year ended June 30, 2013

State, Grantor/Program Title	Balance at June 30, 2012				Balance at June 30, 2013				MEMO						
	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures		Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable
State Department of Education:															
General Fund:															
Equalization Aid	495-034-5120-078	7/1/12-6/30/13	5,871,685				5,322,732	5,871,685						*	5,871,685
Equalization Aid	495-034-5120-078	7/1/11-6/30/12	5,665,438	(493,278)			493,278							*	5,665,438
Transportation aid	495-034-5120-014	7/1/12-6/30/13	24,861				22,537	24,861						*	24,861
Special Education aid	495-034-5120-089	7/1/12-6/30/13	933,864				846,556	933,864						*	933,864
Special Education aid	495-034-5120-089	7/1/11-6/30/12	867,132	(75,499)			75,499							*	867,132
Security Aid	495-034-5120-084	7/1/12-6/30/13	99,713				90,391	99,713						*	99,713
NTE Homeless Reimbursement	100-029-6060-034	7/1/12-6/30/13	70,414					70,414			(70,414)			*	70,414
NTE Homeless Reimbursement	100-029-6060-034	7/1/11-6/30/12	36,397				36,397							*	36,397
Extraordinary Aid	100-034-5120-473	7/1/12-6/30/13	180,526				223,637	180,526			(180,526)			*	180,526
Extraordinary Aid	100-034-5120-473	7/1/11-6/30/12	223,637	(223,637)			442,481							*	223,637
Reimbursed TPAF Social Security	495-034-5095-051	7/1/12-6/30/13	467,522				411,556	467,522			(25,041)			*	467,522
On Behalf TPAF NCGI Premium	495-034-5095-001	7/1/12-6/30/13	411,556				465,366							*	411,556
On Behalf TPAF Pension - Post Retirement	495-034-5095-001	7/1/12-6/30/13	465,366					465,366						*	465,366
Total General Fund				(792,414)			8,430,430	8,561,904			(275,981)			*	13,318,111
Special Revenue Fund:														*	
Preschool Education Aid	495-034-5120-086	7/1/12-6/30/13	99,925				89,932	99,925						*	99,925
Preschool Education Aid	495-034-5120-086	7/1/11-6/30/12	100,872	(10,087)			10,087						4	*	100,872
Nonpublic Text Chapter 194	100-034-5210-064	7/1/12-6/30/13	13,157				13,157	13,153						*	13,153
Nonpublic Text Chapter 194	100-034-5210-064	7/1/11-6/30/12	12,855		133									*	12,722
Chapter 192 - Compensatory Education	100-034-5120-067	7/1/12-6/30/13	86,786				86,786	86,610					176	*	86,610
Chapter 192 - Compensatory Education	100-034-5120-067	7/1/11-6/30/12	97,213		25,932									*	71,261
Chapter 192 - ESL	100-034-5120-067	7/1/12-6/30/13	8,356				8,356	5,712					2,644	*	5,712
Chapter 192 - ESL	100-034-5120-067	7/1/11-6/30/12	1,724		1,207									*	517
Chapter 193 - Supplemental Instruction	100-034-5120-066	7/1/12-6/30/13	12,558				12,558	7,909					4,649	*	7,909
Chapter 193 - Supplemental Instruction	100-034-5120-066	7/1/11-6/30/12	9,821		2,665									*	7,156
Chapter 193 - Examination and Classification	100-034-5120-066	7/1/12-6/30/13	11,472				11,472	10,195					1,277	*	10,195
Chapter 193 - Examination and Classification	100-034-5120-066	7/1/11-6/30/12	19,319		4,671									*	14,648
Chapter 193 - Corrective Speech	100-034-5120-066	7/1/12-6/30/13	13,359				13,359	13,359						*	13,359
Chapter 193 - Corrective Speech	100-034-5120-066	7/1/11-6/30/12	22,906		10,979									*	11,927
Nonpublic Nursing	100-034-5120-070	7/1/12-6/30/13	18,262				18,262	17,560					702	*	17,560
Non Public Technology Grant	100-034-5120-373	7/1/12-6/30/13	4,856				4,856	4,856						*	4,856
Total Special Revenue Fund				(10,087)	45,607		268,825	259,279		45,607			9,452	*	478,382
Debt Service Fund:														*	
Debt Service Aid - Type II	495-034-5120-075	7/1/12-6/30/13	46,770				46,770	46,770						*	46,770
Total Debt Service Fund							46,770	46,770						*	46,770
Enterprise Fund:														*	
National School Lunch Program (State Share)	100-010-3350-023	7/1/12-6/30/13	6,425				5,530	6,425			(895)			*	6,425
National School Lunch Program (State Share)	100-010-3350-023	7/1/11-6/30/12	6,223	(396)			396							*	6,223
Total Enterprise Fund				(396)			5,926	6,425			(895)			*	12,648
Total State Financial Assistance				(802,897)	45,607		8,251,951	8,874,378		45,607	(276,876)		9,452	*	15,855,911
Local Sources:														*	
Special Revenue Fund:														*	
NJSBIG Safety Grant	N/A	7/1/12-6/30/13	7,253				7,253	7,253						*	7,253
Total Local Sources							7,253	7,253						*	7,253
Total State and Local Financial Assistance			\$	(802,897)	45,607		8,759,204	8,881,631		45,607	(276,876)		9,452	*	15,863,164

See accompanying notes to schedules of expenditures of federal and state awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Fairview Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$144,507 for the general fund and \$(7,228) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$38,391	\$8,706,411	\$	\$8,744,802
Special Revenue Fund	1,299,670	267,795	7,253	1,574,718
Debt Service Fund		46,770		46,770
Food Service Fund	<u>326,590</u>	<u>6,425</u>		<u>333,015</u>
Total Awards and Financial Assistance	<u>\$1,664,651</u>	<u>\$9,027,401</u>	<u>\$7,253</u>	<u>\$10,699,305</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. Commodities Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>		<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	(A)	<u>IDEA, Part B-Basic/IDEA, Part B-Preschool</u>
<u>84.010</u>	(A)	<u>Title I, Part A</u>
<u>10.555/10.553</u>	(A)	<u>National School Lunch Program/National School Breakfast Program</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Note: (A) Tested as Major Type A Program

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

*Section I - Summary of Auditor's Results
(continued)*

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes X no

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? _____ yes X no

2. Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circular Letter 04-04? X yes _____ no

GMIS Number(s)

Name of State Program

495-034-5120-089/

495-034-5120-078/

495-034-5120-084

495-034-5095-002

(A)

(A)

Special Education Categorical

Aid/Equalization Aid/Security Aid

Reimbursed TPAF Social Security Contribution

Note: (A) Tested as Major Type A Program.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

Section II – Financial Statement Findings

NONE

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

STATE AWARDS

Finding 13-1

Information on the state program:

Equalization Aid, NJCFS number 495-034-5120-078 Grant Period 7/1/12-6/30/13.

Special Education Categorical Aid, NJCFS number 495-034-5120-089 Grant Period 7/1/12-6/30/13.

Security Aid, NJCFS number 495-034-5120-084 Grant Period 7/1/12-6/30/13.

Criteria or specific requirement:

The Board Secretary and Treasurer of School Moneys must prepare and submit financial reports in accordance with N.J.S.A. 18A:17-9 and N.J.S.A. 18A:17-36, respectively. Pursuant to N.J.S.A. 18A:17-10, all districts must submit the Annual Report to the board and the county superintendent by August 1.

Condition:

The Board Secretary and Treasurer of School Monies did not prepare and submit Annual Reports to the board and county superintendent by August 1.

Questioned costs:

None

Context:

Per N.J.S.A. 18A:17-10, the Board Secretary and Treasurer of School Monies must prepare and submit the Annual Report to the board and the county superintendent by August 1.

Effect:

By not preparing and submitting the Annual Reports by August 1, the district is not in compliance with State Aid grant requirements.

Cause:

Compliance with the guidelines of the grant award requires the submission of the Annual Report by August 1.

Management's response:

Change in personnel throughout the course of the year delayed the year-end closing process, in the future more care will be taken to ensure the timely submission of the report.

**FAIRVIEW BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Status of Prior Year Findings

N/A